

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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W. German unions  
begin to show  
strain, Page 12



## Satellite's early mishap mars space shuttle flight

BY WILLIAM HALL IN CAPE CANAVERAL

THE WORLD'S biggest, most expensive and most advanced communications satellite spun out of control for several hours yesterday after it was released from the space shuttle Challenger.

Though U.S. space agency officials later said that they had regained control of the \$100m satellite, it was feared that the serious problems it had run into would impair its effectiveness. In particular, the launching of the European space laboratory scheduled for next September could now be delayed.

The difficulties arose after the Challenger space shuttle had climbed to its orbiting altitude of 150 nautical miles and launched the 2.5 tonne satellite. Shortly afterwards control of the satellite was lost temporarily and it is now badly out of position.

The U.S. space shuttle programme has already been plagued by delays and technical difficulties and badly needs to demonstrate that it can launch its space shuttles on schedule and operate effectively in space. Eventually the four space

shuttles should be flying to and from space every couple of weeks. The first tracking and data relay satellite (TDRS) launched by Challenger was intended to be one of the cornerstones of a vastly improved system of communications between space vehicles. It would have allowed - and might still allow - the U.S. National Aeronautics and Space Administration (Nasa) to close many of its ground tracking stations.

When fully operational, this veritable switchboard in the sky will be

able to handle up to 40 separate spacecraft.

The European space lab is particularly dependent on the satellite's transmission capability. Even before yesterday's problems there was considerable doubt whether Nasa would be able to get the second TDRS satellite in place and fully operational in time for next September's launch of the European space lab.

Because of the need to make astronomical observations at a certain time of the year the European

space lab has to be launched by the U.S. shuttle Columbia before the end of next September. Otherwise it will almost certainly be delayed until next year. Such a delay would be embarrassing to Nasa which wants to prove its effectiveness to its European partners.

Nasa said yesterday that it lost control of the TDRS at 5 am Eastern Standard Time after its launch from Challenger and it was believed to be tumbling out of control. At 8 am Eastern Standard Time they regained control.

However, the satellite is swinging around the world in an orbit ranging from 19,000 nautical miles to 12,000 nautical miles at its closest. To work normally the satellite should be in a geosynchronous orbit 22,300 miles above the Equator.

Nasa officials are now working on ways of getting TDRS closer to its correct orbit. They are planning to use the 1,300 lbs of hydrazine on board to manoeuvre the craft towards its correct position. Reagan's flexible defence budget, Page 8

## NEWS SUMMARY

### GENERAL

## Napalm dropped on Hanoi troops

Thai aircraft dropped napalm on Vietnamese troops entrenched in Thai territory along the border with Kampuchea, it was charged yesterday.

It was the first reported use of the weapon in Indochina since the war in Vietnam ended in 1975. It was dropped on Monday by two fighter-bombers on about 150 Vietnamese dug in on the slopes of a hill just inside Thailand's frontier, Page 4

### West Bank hysteria

Israeli occupying forces arrested several Palestinians and said they had proof that the mysterious illness which has swept the West Bank was politically-induced hysteria.

### Nazi rampage

Neo-Nazis broke into the former concentration camp of Flossenbürg, West Germany, and desecrated the memorial on an Easter rampage that caused DM 10,000 (\$4,200) worth of damage.

### Dissidents sentenced

Two Soviet dissidents accused of producing manuscripts critical of the Soviet system, were sentenced to labour camp at a trial in Leningrad.

### Tear gas tactic

Police used tear gas to break up a 2,000-strong demonstration against security law detentions in the northern Sri Lankan city of Jaffna.

### Gulf oil slick

A giant oil slick was reported to stretch almost the entire length of the Gulf. Ministers from eight countries in the region were due in Kuwait for crisis talks on its dispersal, Page 14

### Food stand-by

Portuguese troops stood by to transport food in defiance of the six-day-old national strike.

### High wire escape

Two East German men escaped over the Berlin Wall by sliding on a pulley along a self-assembled steel cable.

### Spy sentence

An American woman living in Bern, Switzerland, has been given a 10-week suspended prison sentence for spying for Libya, but will not be expelled.

### Murder charge

Suspected urban guerrilla Adelheid Schulz, arrested last November, was charged with the murder of two prominent West Germans.

### Angola deaths

Unita, Angola's main rebel movement, claimed it had killed 198 soldiers in clashes throughout the country in the last few days and driven government troops out of the northern diamond mining area.

### Paris shoot-out

A Paris jeweller shot dead one man and wounded two others as they attempted to rob the shop.

### Briefly...

Kenya's ruling Kani party launched its own newspaper with a pledge that it would not be a propaganda organ.

China claimed it had arrested the leader of Taiwan's spying operations in northern China.

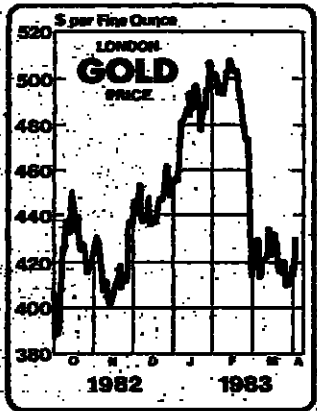
Appeal hearings for plotters of the 1981 attempted Spanish coup start in Madrid today, Page 3

### BUSINESS

## New plan on debt unveiled by Mexico

THE MEXICAN GOVERNMENT will today unveil its long-awaited scheme to help the country's hard-pressed private sector reschedule \$15bn of debts to international commercial banks and defer interest payments. Foreign banks, however, are not completely happy with the plan because they feel that it is a forced rescheduling.

CHILE appeared yesterday to have reached a tentative agreement with its leading bank creditors on an eight-year rescheduling of debt maturing this year and next, and a new loan of up to \$1.4bn, Page 8



GOLD rose \$15.5 in London to \$430. In Frankfurt it rose \$14.25 to \$429.4 and in Zurich \$13 to \$427.5, Page 29

LONDON: FT Industrial Ordinary index ended 1.1 to 654. Government Securities were slightly improved, Page 25. FT Share Information Service, Page 30, 31

WALL STREET: Dow Jones index closed down 7.45 at 1120.16, Page 25. Full share listings, Page 25-26

TOKYO: Nikkei Dow index lost 65.48 to close at 9429.34 and the Stock Exchange index was down 3.36 at 418.58. Report, Page 25. Leading prices, other markets, Page 25

STERLING rose to its best level since late February. It closed up 1.3 cents at \$1.5025 and was up at DM 3.64 (DM 3.6025). FF: 10.905 (FF: 10.785). Y357.5 (Y354.5) and unchanged at SwFr 2.8925. The trade-weighted index was 80.3 (79.5). In New York sterling closed at \$1.5085, Page 32

DOLLAR closed down at DM 2.2205 (DM 2.2255). FF: 7.26 (FF: 7.27). SwFr 2.897 (SwFr 2.893) and Y271.7 (Y268.65). Its trade-weighted index was 125.4 (122.7). In New York the dollar closed at DM 2.4005; FF: 7.2250; SwFr 2.8485 and Y237.30, Page 32

FRANCE is to attempt to win a Chinese nuclear power station order, Page 6

JAPANESE Government's new economic package aims for a growth rate of 3.4 per cent a year, Page 4

U.S. CONGRESS was asked by President Reagan to strengthen and renew the Export Administration Act, Page 14

EUROPEAN Community's annual inflation rate rose from 9.1 per cent in January to 9.2 per cent in February, pushed up by higher consumer prices in Italy and Greece.

DATA GENERAL, Massachusetts-based manufacturer of general computers, reported net earnings of \$3m in the second quarter to March compared with \$5.1m the previous year, Page 15

WESTERN nations last year sold less to Eastern Europe than they bought for the first time for about 20 years, the United Nations said, Page 2

BITR is seeking to buy up to 14.9 per cent of Thomas Tilling, which could lead to a bitter £510m (\$765m) takeover battle between two of Britain's largest industrial holding companies, Lex, Page 14

## Sterling continues to recover as interest rates ease in U.S.

BY OUR FINANCIAL STAFF

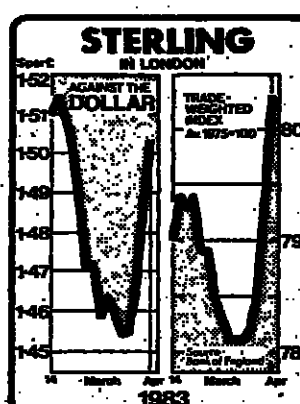
STERLING continued its recovery on foreign exchange markets yesterday rising nearly 2 cents above its weekend level to close in London at \$1.5025.

The pound was also stronger against other major currencies and its effective exchange rate (measured by the Bank of England against a trade-weighted basket of currencies) rose 0.8 to stand at 80.3 per cent of its 1975 value, a 2.8 per cent rise since the rally began last Wednesday.

In the U.S., meanwhile, interest rates showed signs of easing, after the technical shortage in the money markets caused by end-of-quarter corporate funding. Fed funds were quoted at about 9 1/2 per cent during the morning and one bank, the Wachovia Bank of North Carolina, cut its prime rate from 10 1/2 to 10 per cent.

The bond market had a quiet day, and the equity market ended with modest falls in relatively light trading after showing gains earlier in the session.

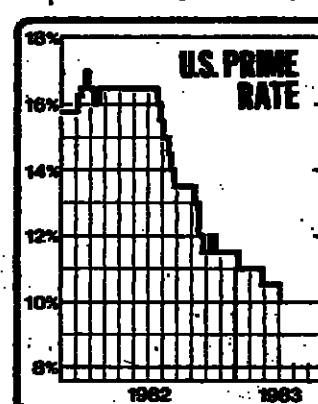
For this reason, the market was still reacting yesterday to news about Nigerian acceptance of the British National Oil Corporation's proposed tariff for UK crude oil - which was already the best part of a week old.



was little changed on the day, trading at around 9 1/2 per cent in the late afternoon, but the discounted return on three month treasury bills slipped back a little to just under 9 1/2 per cent.

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For this reason, the market was still reacting yesterday to news about Nigerian acceptance of the British National Oil Corporation's proposed tariff for UK crude oil - which was already the best part of a week old.



Traders who are influenced by charts were prodded into buying sterling early yesterday morning when the pound crossed through \$1.4925, a "resistance point." There was a later spurt of similarly inspired buying when the price reached the "psychological" \$1.50 barrier just before midday.

"Currency speculators are beginning to detach themselves from interest rates again," said one London dealer, "and they realise that the dollar position they have been running recently are not very profitable."

French currency decline, Page 3; market reports, Page 25; currencies and money markets, Page 32

## Shultz to make new Mid-east peace bid

BY ROGER MATTHEWS IN LONDON

MR GEORGE SHULTZ, the U.S. Secretary of State, is expected to visit the Middle East later this month in a last-ditch effort to save President Ronald Reagan's peace proposals.

U.S. hopes have been jolted by the failure of King Hussein of Jordan and Mr Yasser Arafat, leader of the Palestine Liberation Organisation (PLO), to agree on a common approach to the Reagan plan.

Mr Shultz is likely to visit Saudi Arabia, Jordan, Egypt and Israel to stress to those governments the potentially serious consequences resulting from a rejection of the Reagan plan.

Although Israel was the first to oppose the Reagan proposals, Washington still believed that it could draw some flexibility from Mr Menachem Begin's Government if it could demonstrate a conditional Arab willingness to negotiate the future of the occupied West Bank and Gaza.

The U.S. remains convinced that King Hussein is prepared to negotiate on the basis of the Reagan plan. But Washington accepts that it must persuade Israel to withdraw from Lebanon and announce a freeze on building new Jewish settlements in the occupied territories.

However, the PLO is refusing to give King Hussein a mandate to negotiate on behalf of the Palestinians living under occupation. Mr Arafat left Amman for Kuwait yesterday after four inconclusive meetings with King Hussein.

Mr Arafat would only say that

"King Hussein and I are agreed on what is good for both sides."

The prospects for a more positive Arab response have been further reduced by the call from King Hassan of Morocco for a summit meeting in mid-April. The Moroccan monarch sent personal envoys to several Arab capitals yesterday to press the need for an early summit.

Some Arab officials voiced the suspicion yesterday that King Hassan was primarily motivated by the desire to secure approval for his tentative rapprochement with Algeria rather than with pushing forward with Middle East peace moves.

Arab radicals would probably use a summit meeting to insist that there is no deviation from the eight-point plan drawn up in Morocco last September. This plan demands an independent state for the Palestinians, whereas the Reagan proposals foresee Palestinian self-determination expressed in association with Jordan.

Israeli, Lebanese and U.S. negotiators concluded the latest round of negotiations on an Israeli withdrawal from Lebanon yesterday with no fresh indications of progress. The talks have been going on for 14 weeks.

U.S. officials have said privately that they believe Israel is deliberately spinning out the negotiations to strengthen the hand of Arab radicals opposed to the Reagan proposals for the West Bank and Gaza.

## Plessey in talks with Burroughs

By Guy de Jonquieres in London

PLESSEY, one of Britain's leading telecommunications companies, is holding talks on a link-up with Burroughs, the large U.S. computer manufacturer.

The two companies are understood chiefly to be discussing proposals to exchange technology, though an agreement could also involve plans to supply each other with products. No financial link is expected.

A deal with Burroughs would form the third leg of the platform which Plessey has recently been building for expansion in the U.S. market for communications and electronic information systems.

Plessey has already bought the public telephone exchange business of Stromberg-Carlson, a major independent U.S. manufacturer. It has also agreed to buy a sizeable minority stake in Scientific Atlanta, which makes satellite earth stations and cable television equipment.

To complete its strategy, Plessey needs more access to computer and data communications expertise. It has already talked to several U.S. computer manufacturers, but the discussions with Burroughs seem the most likely to produce results.

Burroughs, which had worldwide sales of \$5.3bn, last year, has undergone extensive restructuring during the past two years, under the chairmanship of Mr Michael Blumenthal, the former U.S. Treasury Secretary.

Plessey plays for high U.S. stakes, Page 21

## Oil prices strengthen on spot market

By Richard Johns in London

OIL PRICES strengthened again on the spot market yesterday on the second day of trading since the British National Oil Corporation proposed a \$30 per barrel reference price, backdated to March 1, for North Sea crude oil.

After the marginal increases recorded last Thursday hopes of the Organisation of Petroleum Exporting Countries' new price structure holding more perceptibly over the weekend.

As expected, Statoil, the Norwegian state oil corporation, has proposed cuts of 50 to 75 cents, giving a \$29.40-\$30.50 range of prices, also back-dated to March 1.

Neither BNO's suppliers nor customers were prepared to comment yesterday on the BNO recommendation which would broadly align UK prices with those of Opec. Companies were still appraising the proposal but their reaction to a compromise clearly calculated to accommodate Nigeria's requirements was thought to be favourable. They have been asked to respond by the end of the week.

Yet there are fears that the alignment will not, in practice, result in an increase in Nigerian production to anything like the 1.5m barrels a day quota allowed to it under Opec's production sharing programme. According to industry over 800,000 b/d and may drop to only 700,000 b/d because of overall lack of demand for premium light crude oil.

Nigeria and its problems apart, industry analysts saw the planned reduction as being well calculated to satisfy the conflicting interests of customers and suppliers. "It appears that the new pricing formula could be acceptable," said one source.

Continued on Page 14

## France expels more than 40 Soviet officials

BY DAVID MARSH IN PARIS

FRANCE yesterday expelled more than 40 Soviet diplomats, officials and journalists accused of gathering military and scientific secrets in the most severe crackdown for more than a decade against Soviet espionage in the West.

All the Soviet citizens concerned - thought to number 47 - together with their families were flown back to Moscow on a special Aeroflot flight yesterday afternoon.

The action, decided at the highest level by President Francois Mitterrand, brought to a climax a wide-ranging French counter-espionage operation which had been gathering pace for months but was kept rigorously secret until the Easter weekend.

The mass expulsion is the largest since Britain told 105 Russians to leave London in 1971. It follows a series of recent expulsions and arrests of Soviet officials accused of spying or other illegal activities in the UK, Spain, Italy and Switzerland.

The measure, decided by the only country in the West which includes Communist ministers in the government, confirms France's tough line on East-West relations, particularly on nuclear arms issues.

In spite of its sharp differences with Paris last year over President Reagan's embargo on components for the gas pipeline from Siberia, Washington is likely to welcome further evidence of France's non-nonsense approach to Moscow.

Among those expelled were top officials from the Soviet embassy and two journalists working for the Soviet news agency Tass in Paris. The measures were widely expected last night to lead to some Soviet reprisal against French nationals in Moscow.

They are certain to result in a further deterioration in relations between Paris and Moscow. The expulsion came just six weeks after a visit to Moscow by M Claude Cheysson, the Foreign Minister, had confirmed the already cool state of relations between the two countries.

In sharp contrast with the "special relationship" developed under President Valery Giscard d'Estaing, the French Socialists have strongly criticised Moscow over Afghanistan and Poland. President Mitterrand has irritated the Russians by his firm line on the stationing of intermediate range U.S. nuclear missiles in Europe. The response to expulsion of the French Communist Party - which follows a pro-Moscow line - was unclear last night.

On the economic front, relations have also been soured by the sharp increase in France symbolically interrupted purchases of Russian crude oil in protest against the imbalance.

In a short but toughly worded communiqué, the French Interior Ministry said counter-espionage operations, carried out "for some time" by the French secret service, had uncovered systematic efforts by Soviet spies to gather scientific and technical information, particularly in the military field.

The Ministry said the expulsions were justified by "the multiplicity and gravity of activities carried out for this foreign power by agents most often benefiting from diplomatic status."

Although the Government gave no details, the highest ranking Soviet official expelled was thought to be Mr Nicolas Tchotvetnikov, who was number three on the Soviet embassy's staff in Paris after the ambassador and minister counselor.

The Soviet embassy has 86 people on its formal diplomatic list.

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## KOMATSU



## EUROPEAN NEWS

## West's trade with East bloc in deficit

GENEVA — For the first time since the early 1960s, Western nations last year sold less to Eastern Europe than they bought. However, the West's trade with the Soviet Union flourished, with machinery and pipeline equipment being exchanged for oil and gas.

An annual survey published yesterday by the United Nations Economic Commission for Europe (ECE) said these developments highlighted a profound adjustment under way in East-West economic relations.

The turnaround from a Western surplus of about \$2bn

in trade with East European countries in 1981 reflected policies in those countries to curb imports, it said.

While Western imports from Eastern Europe fell by 5 per cent, exports to the East declined by 21 per cent. These figures exclude the Soviet Union where there was an exceptionally dynamic two-way flow in trade with the West during a year in which the overall volume of world trade fell by 2 per cent, the report said.

Western exports to the Soviet Union last year increased by 7 per cent. Growth was particularly strong in machinery, trans-

port equipment and commodities needed for pipeline projects, the ECE said. The West's imports from that country rose by 13 per cent, reflecting bigger purchases of oil and other mineral fuels.

The small deficit which the West had in 1981 in trade with the Soviet Union widened last year to about \$1bn.

The ECE estimated that the Soviet Union and the rest of Eastern Europe had an overall current account payments surplus of \$2bn with the whole convertible currency area, compared with \$8bn the year before.

It reckoned that the Soviet bloc's external debt in convertible currencies fell by some \$8bn to \$63bn at the end of 1982, reversing an upward trend which had lasted for a decade.

The report said the Soviet Union's 3.8 per cent economic growth target for this year seemed realistic and that similar targets for other East European countries were possible. Poland, however, would have to accelerate growth substantially if it were to reach the goals set in its five-year plan up to 1985.

Reuter

## Arrests follow Polish explosions

By Christopher Robinson in Warsaw

AN UNDERGROUND group from the copper-rich Legnica province has been the only one to resort to the use of explosives in Poland, according to local police officials. Arrests have been made of 23 people suspected of being responsible for six separate incidents involving explosives between last November and February. There has been no mention of casualties.

Terrorism had been expected by some to develop on a large scale last year in response to the imposition of martial law, and the authorities at times have played up the danger to discredit the underground Solidarity movement.

However, the statement in local press last week by Colonel Jerzy Ociech, the police commander in Legnica, shows that terrorism has been restricted considering that explosives are the most easily accessible of all potential weapons to industrial workers.

In the past year, Solidarity's national leadership has restricted itself to calling strikes and demonstrations, and it has called a moratorium on these during Pope John Paul's visit to Poland in June.

## Swiss GDP down 1.3% last year

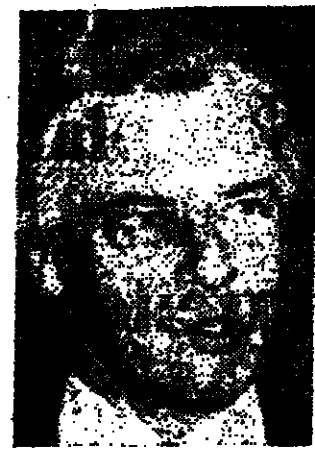
By John Wicks in Zurich

SWITZERLAND'S gross domestic product dropped by some 1.3 per cent in real terms last year, according to official estimates. This was due almost entirely to the decline of the economy in the third and fourth quarters by 2.5 and 2.4 per cent, respectively. First-half figures were around corresponding 1981 levels.

For the year as a whole, only government spending showed an actual increase, rising by some 1.9 per cent. Private consumption fell off by a real 1 per cent and domestic investments in plant and equipment by 2.4 per cent. In the foreign trade sector, exports of goods and services fell by 3.6 per cent in real terms and corresponding imports by 2.1 per cent.

Optimism over economic change may be misplaced  
Interest payment cuckoo in Danish budgetary nest

By Hilary Barnes in Copenhagen



Mr Poul Schlüter, the Danish Prime Minister (above) is both lucky and optimistic. But if Denmark's economy is to deal with the problems that have dogged it for the past few years, it will need more than hope and good fortune

SIX MONTHS after a non-Socialist Government took office the first for eight years, the Danes are feeling increasingly optimistic about their economic prospects. Mr Poul Schlüter, the conservative head of the four-party coalition, exudes confidence: "We have broken the vicious spiral of self-reinforcing problems," he said recently.

Several factors have helped to fuel the present optimism:

● Bond prices have staged a strong recovery over the past six months, with average effective yields falling from 22 per cent last autumn to about 15 per cent today. Share prices have risen by 32 per cent since the end of last year.

● The European Monetary System realignment paved the way for a cut in the official discount rate from 10 to 8.5 per cent, the lowest since the beginning of 1979. Most commercial banks responded by cutting their lending rates by two percentage points.

● The trades unions and employers in both the private and public sectors have concluded new two-year collective wage agreements with awards in the 4 per cent to 5 per cent range. Allowing for the effect of some possibly higher settlements later, wage rates can be expected to rise by 6 to 7 per cent a year.

The automatic price-wage link was broken last autumn when the Government abolished indexation.

● The annual inflation rate has slowed from about 10 per cent to about 7 per cent over the past half year, and over the past three months consumer prices rose at an annualised rate of only 2 per cent.

● The trade balance showed a small surplus in the first two months of the year, mainly owing to a substantial reduction in oil imports.

All these developments, aided by falling international interest rates and oil prices—even the mild winter weather has smiled favourably on Mr Schlüter—are helpful. Mr Erik Hoffmeyer the central bank governor, has warned the Danes not to let the optimism get out of hand, however, emphasising that there is a long way to go yet before the country's very serious economic problems are overcome.

Two of the most intractable problems are the high cost of servicing the foreign debt and the large and rapidly increasing budget deficit. Unemployment also continues to run at a dispiritingly high 10 per cent.

The deficit on the current account of the balance of payments last year increased from Kr. 12.5bn (\$960m) to Kr. 20.2bn, taking the net foreign debt to Kr. 155bn or 33 per cent of Gross Domestic Product, about \$3,800 per capita. Net interest payments on the debt at Kr. 18bn, accounted for most of the deficit.

The budget deficit is a problem of equally alarming proportions. This year it will increase from about Kr. 47bn in 1982 (comparing the 1982 and 1983 Finance Act figures) to about Kr. 60bn, or from 10.1 per cent to 13.5 per cent of GDP, but the increase would have been much larger if the Government had not succeeded last autumn

in making substantial budget cuts.

Expenditure on interest payments will this year be about Kr. 40bn in a budget with revenues totalling Kr. 155bn and expenditure (including interest payments) of about Kr. 224bn. It is already likely that interest payments in 1984 will rise to more than Kr. 55bn. Spending cuts and/or tax increases of Kr. 30bn will be needed just to prevent the deficit from increasing, according to estimates by Copenhagen Handelsbank.

The recent sharp fall in interest rates will not, paradoxically, help the Government much as real interest rates after inflation remain at about 97 per cent. At this level debt servicing will remain the cuckoo in the budgetary nest.

The growth of the foreign debt cannot be halted quickly either, as the public sector will have to borrow well over Kr. 20bn a year for the next few years just to service the debt outstanding at the end of 1982.

The one thing which would help get the country off the debt hook would be a really rapid rise in exports and in local production of goods which would hold off imports, but despite the peaceful solution of this year's wage round, there will not be much improvement in the relative price of Danish exports this year. An increase in payroll taxes will add another 1.5 per cent to the rise of 67 per cent in wage costs and the trade-weighted value of the Krone has appreciated by about 6 per cent since last autumn.

Some relief for the trade balance is on the horizon from the end of 1984, when the import of Danish North Sea gas for domestic use will begin, cutting the fuel import bill by Kr. 10bn or more over the next few years.

It remains clear, however, that even with North Sea gas, more than the Schlüter luck will be needed over the next few years if Denmark is not to sink even deeper into the domestic and external financial swamps.

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## Fiscal boost urged for European economies

GENEVA — Western European governments have been urged to stimulate their economies through fiscal measures in order to prevent the economic recovery from collapsing.

The annual survey of Western Europe and the U.S., published by the UN Economic Commission for Europe said falling oil prices would provide a decided push towards recovery in Western Europe.

A 10 to 20 per cent drop this year would cut import prices in developed countries by a few percentage points and strengthen the U.S. economic upturn already under way, the report said, though it might improve industrial countries' output by

no more than half a per cent.

"The costs of another aborted recovery and of continuing stagnation are potentially so high that governments should use stimulatory fiscal policy to avoid such an outcome. At present, the inflationary risk of such a policy is small," it said.

Doubts about the durability of a recovery remained, because the outlook for investment in fixed assets like factories was unclear, it said. Such investment was inhibited by high real interest rates and by large margins of unused capacity.

"Any recovery must be strong enough to take up a consider-

able proportion of this slack, and be accompanied by a fall in interest rates," the report said. "If this fails to occur, the upturn will again be cut short."

Despite growing indications of a U.S. upturn, it was not certain that Western Europe would follow suit. The situation resembled that of a year ago, with similar levels of unemployment and only moderate recovery. Fixed asset investment in Europe was unlikely to increase this year, though its decline of the past two years should be halted, at least in the larger economies, the report said.

It urged governments to take care in choosing their fiscal

measures, noting that much state spending in the recession had gone on protecting traditional industries, thereby hampering structural adjustment.

Some governments, in particular the U.S., had already eased their tight monetary policies, the survey said. There was now a better understanding how to adjust monetary policies so that an economic recovery could be accommodated without inducing a new burst of inflation.

Only a slight relaxation in monetary policy and no rapid decline in real interest rates could be expected, however.

Reuter

## Turkey plans sweeping reforms of banking

By Metin Munir in Istanbul

THE TURKISH Minister of Finance, Mr. Adnan Saygun, has invited the country's principal banks to a meeting in Ankara today to discuss the amendments he proposes to make to the Banking Act.

"The minister is determined and he plans to act swiftly," said a senior government official.

The amendments have not been made public and may continue to remain secret even after today's meeting. But government officials have cribbed them as sweeping in scope and radical in character.

Mr. Saygun proposes to change most of the 84 articles of the Banking Act legislated

in 1958, said the official. One of the main aims is to break the hold of families on private banks and to limit loans to subsidiaries and affiliates.

Of Turkey's 45 banks, 23 are controlled by the government, six are foreign and 16 owned by families. This last category held about 70 per cent of total deposits and made 22 per cent of the loans at the end of 1981, according to the Bankers Association of Turkey.

The family owned banks are accused of making most of their loans to their own subsidiaries and affiliates in manufacturing and trade.

Other changes aim at strengthening the frail capital structure of the commercial

banks, increasing government control over their activities, introducing a deposit insurance scheme and setting new deposit and loan ratios, said the official.

The banking system in Turkey has been in difficulties since 1980 when the government freed interest rates. These problems were aggravated by a run on banks last June when the country's largest money-broker went bankrupt.

Last month, the Government was obliged to take over two small privately-owned banks which had collapsed otherwise. There is general agreement among bankers that the system needs reform but general disagreement on the scope and nature of it.

Mr. Saygun last week obtained power from the Consultative Assembly, the legislative body appointed by Turkey's ruling generals, to issue a government decree to amend the Banking Act.

At this stage, however, the amendments he proposes to make are no more than a statement of intent. Before these become law they will have to be endorsed by the majority of the principal banks, the government and, last but not least, the ruling generals.

Government officials say that the amendments would not be discriminating against foreign banks already operating in Turkey.

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## French currency defence confuses reserves position

BY DAVID MARSH IN PARIS

GROWING MYSTERY surrounds the true state of France's official currency reserves following heavy foreign exchange intervention by the Bank of France both before and after last month's franc devaluation within the European monetary system EMS.

Weekly statements from the central bank show a massive recent increase in short-term French borrowings, mainly from other central banks, to help support the franc during the latest leading up to the devaluation. Although the Bank of France's freely available stock of currency ammunition has remained steady at about 100bn francs, these increased borrowings have severely depleted the net level of foreign exchange reserves.

However, the French Finance Ministry denies that last month's intervention has exhausted the Government's \$50n worth of foreign loans arranged at the end of last year.

Although the \$20n short-term credit from Saudi Arabia has been used, the \$30n Euro market credit from international banks is said by senior officials to be still intact.

M. Jacques Delors, the Finance Minister, has said publicly that reports of heavy foreign exchange outflows have been based on misleading information.

Bank of France figures showed that the bank's net borrowing position increased by FF 35bn in the two weeks to March 17, although it levelled off in the week to March 24 in which the devaluation was decided on March 21.

To conclude that France has lost that much in foreign exchange, according to Mr. Delors, would be based on false arithmetic — "like adding apples and pears".

The Bank of France borrowing appears to have been from

other central banks in particular via the international network of short-term "swap" credits, as well as from the special mutual support fund set up as part of central bank borrowing facilities in the EMS. These "swap" credits, which can be drawn to an unlimited amount, have to be repaid after a maximum seven and a half months.

Part of the borrowing has also come from the Government's "separate" Exchange Stabilisation Fund, which comprises international credits from Saudi Arabia and the Euro market.

The Bank's recent operations on the Euro franc market — where it intervened heavily earlier last month to drive up interest rates to astronomical levels and disperse speculation against the franc — have also added to its borrowings.

Part of the debt has already been reduced following the devaluation. The D-Mark has been pegged almost constantly to its "floor" level in the newly agreed fluctuation band against the franc. This has allowed the Bank of France to buy back D-Marks — although at a more expensive rate than before the realignment — and pay back some of its foreign currency borrowings.

A more accurate picture will not emerge until later this month when the Finance Ministry issues its monthly reserve statement for March. This will combine the Bank of France's holdings of gold and foreign exchange, the reserves of the Exchange Stabilisation Fund and France's drawings on the EMS support fund as of the end of last month.

Until then, the Bank of France's weekly reserve statement, which more than ever is giving an incomplete picture of the foreign exchange position, will probably cause more confusion than clarity.

## Spanish state challenges military justice in coup attempt appeal

BY DAVID WHITE IN MADRID

SPAIN'S MILITARY and civilian powers will cross swords today when the state prosecutor appointed by the Socialist Government presses an appeal for stiffer jail sentences against army officers involved in the coup attempt of February, 1981.

The hearing in the second chamber of the Supreme Court is unprecedented because it might lead to a civilian tribunal overruling the findings of military

justice. At the same time, the 20 men who were jailed have appealed against their sentences, claiming that they were acting out of patriotism and under orders.

However, with none of the defendants due to appear in person and no witnesses to be called, there is little of the tension that surrounded last year's long military trial.

The previous centrist government launched the appeal amid widespread

indignation over the leniency of the sentences. The state is seeking heavier punishment for 26 of the 33 convicted men, who include one civilian.

Particular interest focuses on the case of General Alfonso Armada, who was second most senior in the joint chiefs of staff at the time of the abortive coup, and who, the prosecution contends, was a ring-leader with General Jaime Milans del Bosch. It is seeking to change his charge from "conspiracy

to rebel," for which he was sentenced to six years, to "military rebellion," for which he could be jailed for up to 30 years.

Only Gen Milans, who commanded the Valencia region, and Colonel Antonio Tejero, the Civil Guard officer who held Parliament hostage for 17 hours, received this maximum 30-year sentence.

Defendants have claimed they acted in the belief that Gen Armada, a former military aide to King Juan Carlos,

had received assurances of the King's support for the plot.

El Alcazar, the extreme right-wing newspaper, yesterday published a detailed preview of the trial, making no comment but surrounding it with news of recent terrorist attacks by Eta, the Basque separatist organisation. The terrorism question was used as one of the principle justifications for the revolt.

The newspaper said this was not necessarily the final

word on the coup attempt and that the case could still go to the Constitutional Court and the European Court of Human Rights.

Six junior officers and one civilian who received two-year sentences were released pending the appeal on February 23, the second anniversary of the coup attempt. The prosecution is seeking to change these terms and overturn eight of the 11 acquittals in the original trial.

## Behind an amicable wage settlement lies a serious future problem Sting in the tail for W. German union

BY STEWART FLEMING IN FRANKFURT

CONSIDERING the pressures it was under, I G Metall, West Germany's largest trade union with 2.5m members, has come out of the 1983 wage round far better than it might have expected.

The new 12-month contract provisionally agreed with the employers provides for a 3.2 per cent wage increase for 3.6m workers, in industries ranging from mechanical and electrical engineering to car production. The rise may even turn out to be in line with the target the union set in January.

OPEL, THE West German car-making subsidiary of General Motors, is recruiting an extra 1,000 workers at its Bochum and Rüsselsheim plants, writes John Griffiths. The move follows a sharp increase in Opel sales, up by 20 per cent in the first quarter compared with the same period a year ago.

The company expects to capture 19 per cent of the West German new car market — which it forecasts at 228m units this year — compared with 18.3 per cent last year and 16.2 per cent in 1981.

This will be the first substantial recruitment by Opel for several years. Its current work force of 60,000 is about 6,000 fewer than in the late 1970s. Like most other European makers, it has cut manufacturing levels since in pursuit of higher productivity. Some 600 are expected to be recruited at Rüsselsheim, the remainder at Bochum.

It is widely suspected that one reason why I G Metall did not press this year's wage claim is that it has been keeping its powder dry for the 1984 wage round. Given the uncompromising stance which the union and employers have already taken on the issue of shorter hours, a national strike, perhaps a protracted one, is thought to be inevitable.



I G Metall said then it would seek an increase which would match inflation, a goal which, given the cuts in real income its members had to absorb in 1981 and 1982, was more ambitious than it sounded.

Over the past six months, however, the cost of living in West Germany has been down at only 3 per cent and the last year-on-year inflation figure (for March) showed a 3.5 per cent rate of increase. Even allowing for the forthcoming rise in value added, it is hard to imagine that inflation in 1983 will be much above the 3.5 per cent mark and could be below it.

For instance, last week the 660,000 strong chemical workers' union I. G. Chemie-Papier-Keramik reached agreement on a 3.2 per cent wage increase in a 14-month contract, before the I. G. Metall settlement.

The union also broke new ground in a cautious long-term agreement aimed at shortening the working week. Employees who are aged over 58 will be able to reduce their working hours from 40 to 36 a week

every other week from September, but will be paid in full. From January, 1987 they will be able to work a 36-hour week, every week. To secure this concession the union has agreed to extend the normal 40-hour working week agreement until the end of 1987.

Thus, before other major unions address the question of cutting working hours, I G Chemie has conceded some principles, in particular the

West Germany's trade unions are no longer in the happy position they were in in the 1970s when with the Social Democrats in power they successfully pressed for social and work reforms.

Chancellor Kohl's Government is showing no signs of rabid anti-unionism — it clearly won the support of many card-carrying trade unionists in the election. But its priorities are the improvement of corporate profits and investment.

Unemployment is likely to be higher next winter than it is now, so the unions will need to be very persuasive if they are to mobilise their supporters behind the claim that cutting the working week is both good for the economy and for unemployment.

As they are divided about which way to press for a cut in working hours, their chances of success would appear to be diminished. Some senior officials fear too that rank and file identification with the union is weakening, that the ideological and political threads binding the union movement together and to the SPD in Bonn, are fraying.

I G Metall's leaders could hope for a more favourable background to their plans for a radical change in working conditions next year.

## Netherlands to subsidise RSV naval contracts

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government will provide Fl 1.34bn (\$350m) in subsidies over the next four years to enable subsidiaries of RSV, the failed shipbuilding group, to complete vital naval contracts. Part of the amount is to compensate for prepayments to RSV for the group prior to its being placed in the hands of the official receivers.

RSV's handling of its financial affairs in recent years is to be investigated shortly by a parliamentary commission of inquiry. The Dutch state has provided the group with some Fl 2bn (\$500m) in loans since 1977. MPs want to know what happened to the money and why RSV had to be granted a moratorium on payments in February.

Much of the group is likely to be closed down this year, with the loss of 6,000 jobs. The centre-right Government of Mr Ruud Lubbers refused a plea by the company for further aid and understood only to help those divisions which were engaged in national defence contracts.

Rotterdamse Droogdok

Mastichappij (RDM) and Koninklijke Mastichappij de Schelde, both of Rotterdam, are the two divisions principally affected. RDM is building two submarines for the Dutch Navy, and two anti-aircraft frigates are under construction at de Schelde. Other vessels are urgently required and Mr Lubbers has said that RDM and de Schelde are to be awarded the contracts.

The Government's decision to maintain naval shipbuilding capacity at RDM, the bigger of the two yards concerned, does not mean that the company will remain in business as before. The ship-repair section is being put up for sale to private buyers despite objections from the unions and a strike by workers.

The project which contributed most directly to the collapse of RSV — a deal to supply giant coal excavators to the U.S. coal mining market — is now, ironically, showing signs of making a profit. RSV is understood to have tied up in the deal some Fl 500m (\$125m) of its assets, many of which are now irrecoverable.

## Norway awards contract to right Kielland

By Fay Gjester in Oslo

STOLT NIELSEN Seaway Contracting, a Norwegian company, has won a contract worth about Nkr 100m (\$9m) from the Norwegian Government, to right the accommodation platform "Alexander Kielland," which capsized in a North Sea storm three years ago, killing 123. The other tenders submitted came from foreign companies — two Dutch and one Swedish.

A Bergen shipyard is building buoyancy tanks which will be attached to the platform's four remaining legs to assist the righting. Preparations for the work will begin almost immediately. The actual turning is scheduled to start some time in July.

No one will be allowed on the upright rig until police have inspected it for evidence that could explain why it capsized so rapidly.

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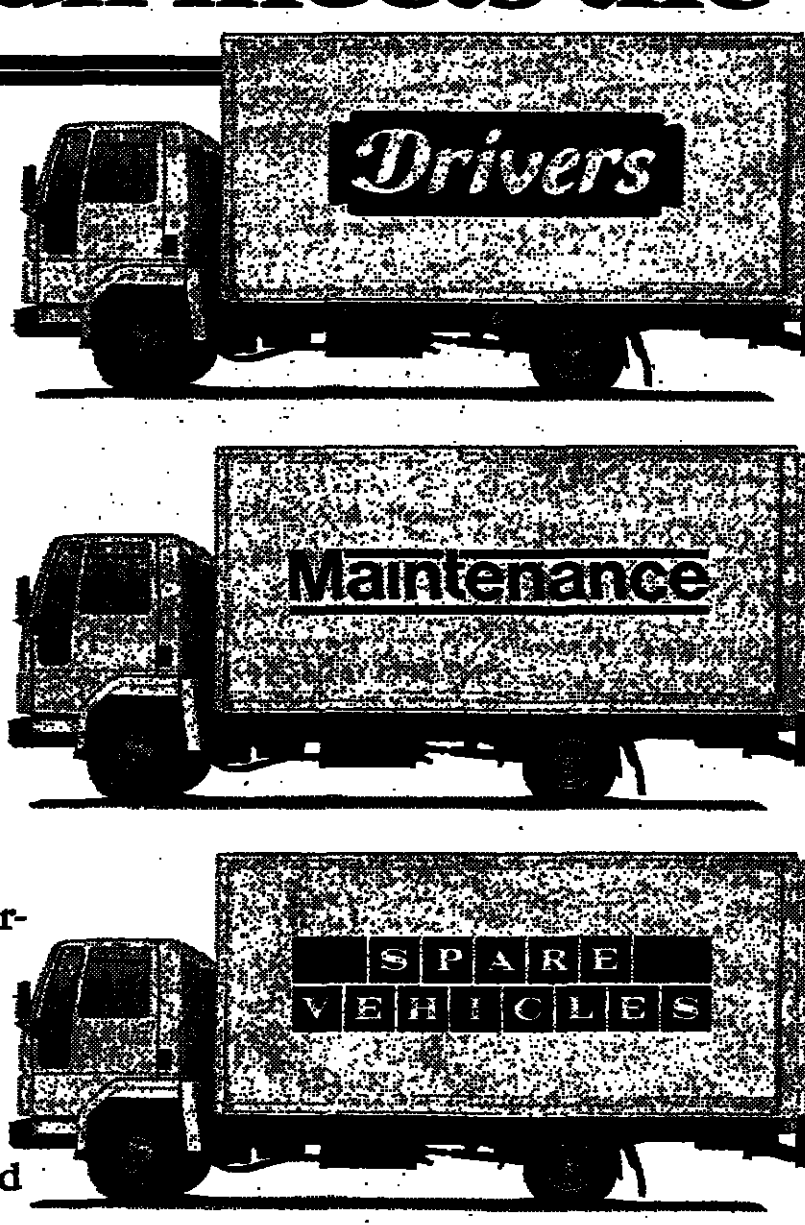
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## OVERSEAS NEWS

# Thai aircraft 'drop napalm on Hanoi's troops'

BANGKOK — Thai aircraft have used napalm against Vietnamese troops entrenched in Thai territory along the border with Kampuchea, senior officials said yesterday.

Two U.S.-built F-4E fighter-bombers dropped the incendiary burning petroleum jelly on Monday on an estimated 150 Vietnamese dug in on the slopes of Phnom Pra, a hill that Thailand says is just inside its ill-defined frontier with Kampuchea.

It was the first reported use of napalm in Indochina since the war in Vietnam ended in 1975 and Communist governments took over in Laos, Kampuchea and former South Vietnam.

The officials said napalm was used as a last resort after repeated shelling failed to dislodge the Vietnamese but they were still reported to be there yesterday.

The Vietnamese occupied the hill over the weekend, the latest action in a series of incursions the Thai authorities

## S. Africa arms agency cuts 850 more jobs

By Bernard Simon in Johannesburg

ARMSCOR, South Africa's state-owned weapons manufacturing and procurement agency, has retrenched 850 workers, bringing the reduction in its workforce over the past two years to about 18 per cent.

The company, which claims to be the world's tenth largest arms manufacturer, slowed recruitment some time ago and has cut its staff complement from a peak of 28,000 to about 23,000.

Armcor said the latest layoffs were caused by lower demand for certain categories of arms because of the "changed priorities" of the defence forces. "We have enough of certain things," an Armcor official said.

The retrenchments have taken place at two of its nine manufacturing subsidiaries—Atlas Aircraft, which has halted production of Italian-designed Impala fighter trainers, and Nacchem, which produces bombs and other heavy ammunition.

# Tokyo package aims for growth of 3.4%

BY OUR TOKYO CORRESPONDENT

THE JAPANESE Government yesterday unveiled an economic package which it claimed should ensure that the officially projected real growth rate of 3.4 per cent would be reached this year.

Absent from the package—though not, it is widely assumed, for long—are a cut in the discount rate and a reduction in income taxes, both of which are more likely to provide some real economic stimulus.

But a discount rate cut from the present 5.5 per cent is still considered imminent, barring an unforeseen plunge in the value of the yen against the dollar.

Mr Noboru Takeshita, Finance Minister, said yesterday that while this remained the preserve of the Bank of Japan, he

thought a cut in the rate would be "effective as a deflationary measure."

The Government is committed to a tax cut of at least one trillion (million million) yen (about 22.2bn) later this year. Any offsetting increase in indirect taxation is not planned until the 1984 fiscal year at the earliest.

The Government hopes that the package, for all its modesty, will impress Western partners at the Williamsburg, Virginia, economic summit next month that Japan is doing its part to promote global economic revival.

The measures are also designed to influence the Japanese public, which happens to be voting in local elections this month, for the Upper House of the Diet in June, and

perhaps in general elections within the next few months.

Little if any new Government spending is entailed in the package, which was formally approved by the Cabinet yesterday and is virtually assured of parliamentary implementation. The main elements include:

- A front-loading of public works spending into the first half of the new fiscal year, which began last Friday. The planned 70 per cent disbursement of the full year's allocation in the first half is actually less than the record of the last fiscal year, when over 77 per cent of public works spending occurred in the first six months.
- Official "administrative guidance" to the electrical power industry to initiate the major part of its ¥500bn capital spend-

ing in the next six months.

- A boost for housing construction, principally through the provision of new longer-term lower interest rate mortgages.
- Some easing of the regulatory burden on business, such as existing laws restricting commercial building in urban areas.
- Policies already in place, for example, the assistance to structurally depressed industries and the most recent government action revising some of the standards and testing procedures that have discriminated against imports.

Taken together, the new measures reflect the extremely cautious domestic economic policy espoused by the Government of Mr Yasuhiro Nakasone. Even the promised income tax cut was wrong from a reluctant

Prime Minister, mainly by a rare display of effective unity by the political opposition.

For some months, the Japanese economy has been in a holding pattern, with real growth struggling to maintain 3 per cent a year and with unemployment rising to a modern record of just over 2.7 per cent. The inflation rate, on the other hand, has remained at a negligible 2 per cent.

However, there is evidence that small businesses, the multi-jointed backbone of the Japanese economy, have been suffering from a stagnant economy.

The concerns of small business provide the political imperative for the Prime Minister to offer at least some practical assistance.

# Japanese elections: neither impenetrable, nor inscrutable

BY JUREK MARTIN IN TOKYO

JAPANESE politics are usually dismissed as impenetrable because they are all about factions, which are themselves impenetrable. This may be partly true in respect of the labyrinthine workings of the ruling Liberal Democratic Party but there is much less mystery about the political process that is about to unfold in this month's local elections across the country.

They are important, not merely because of their impact on Japanese local government, but also because their outcome will be a factor in determining when Mr Yasuhiro Nakasone, the Prime Minister, goes to the country in a general election, which he must do within the next 14 months. Other considerations also weigh on him, not least the wishes of Mr Kakuei Tanaka, the former Prime Minister, and the timetable of the final acts in the Lockheed bribery case.

Mr Nakasone's position, both in timing and substance, bears some resemblance to that of Mrs Margaret Thatcher, his British counterpart. Both have particular problems: Mrs Thatcher with the economy, Mr Nakasone with Mr Tanaka, which can influence when an election is held; and neither can ignore the evidence of public opinion derived from by-elections and local government elections.

The comparison can be taken further: if Bernadotte and Darlington were decided, as they apparently were, by the

personalities of the candidates and the political muscle of the parties, then the more important of the Japanese elections this month will be similarly affected. Traditionally, individuals count more than parties, especially in local polls, though this time, in anticipation of a general election, the parties will be keen to test grassroots organisations.

The elections come in two waves: the first, on April 10, features 15 major gubernatorial and mayoral races, the second, a fortnight later, encompasses lower government levels. Three contests stand out for their potential national impact.

These are the governor's races in Tokyo, the capital city, in Hokkaido, the northern island, and in Fukuoka, on the southern island of Kyushu. The three are relatively straightforward contests between the Conservative forces, led by the LDP with the support of smaller parties, and the so-called "renovators" comprising, in Tokyo and Fukuoka, an alliance between the Socialist and Communist parties and in Hokkaido a strong Socialist candidate.

The inability of the Socialists and Communists to buy their differences and field more joint candidates is clearly a handicap. While frustrated in national politics in the 1980s and 1970s they did win some substantial local victories by pooling their resources.

The nearly failed to find a



Ichiro Nakagawa... his suicide has caused disarray in the LDP

and he is under pressure from a joint candidate of the Left.

The conventional current view is that if the conservative forces carry all three, by decent margins, there will be added pressure on Mr Nakasone to go for an early general election (which happens to be what Mr Tanaka wants): if they lose Hokkaido and Fukuoka—and especially if Tokyo goes—he may deem it more politic to wait (which is what the anti-Tanaka forces inside the LDP want): if either Hokkaido or Fukuoka goes to the Left, then the waters simply get more muddied.

They will not, in any case, be exactly pellucid, because party labels in local elections are not necessarily uppermost in the minds of the voters. A recent Yomiuri newspaper poll, for example, found that less than 30 per cent of those surveyed considered the party affiliation of a candidate or his policy views to be of paramount importance. More than 60 per cent gave greater weight to the combination of his personality, his actual record (in or out of politics) and his local connections.

Even so, there is enough in the upcoming local elections to direct the eye and mind from cherry blossom season: and there is enough that is familiar, even simple, in both execution and national political consequences to suggest that Mrs Thatcher and Mr Nakasone might find it useful to compare notes.

## Militant Sikh leader gives warning on shootings

BY K. K. SHARMA IN NEW DELHI

THE LEADER of the Sikh Akali Dal party of Punjab, Sant Harchand Singh Longowal, warned yesterday that the Government would have to "pay the price" when he condemned the killing of 20 people in police firing in the state on Monday.

Sant Longowal demanded a judicial inquiry into the firing on Sikhs who came out in response to the militant Akali Dal's call to paralyse traffic on Punjab highways in support of religious and political demands. The Akali leader also claimed 38 Sikhs were killed, disputing the statement by Mrs Indira Gandhi's Home Minister yesterday to Parliament that 20 lost their lives.

Mr P. C. Sethi, the Home Minister, asked the Sikhs to give up the path of confrontation and to resolve their differences with the Government without resorting to violence.

The brief Government statement made no reference to the actual demands of the Sikhs and it now seems certain that they will step up their agitation. This is bound to increase tension in the sensitive border state and could lead to more violence.

Mrs Gandhi now faces the prospect of violence and unrest in both the north west and north east of the country. More clashes between student agitators in the troubled north eastern state of Assam and police have occurred in the past few days, ending a brief lull in the agitation for the identification and deportation of Bengalis.

In both states, it appears that agitators are determined to press their demands and resort to methods that will lead to more violence. The Government is increasing security precautions but has given no indication that it plans any concessions.

## Mugabe takes tougher line

By Our Harare Correspondent

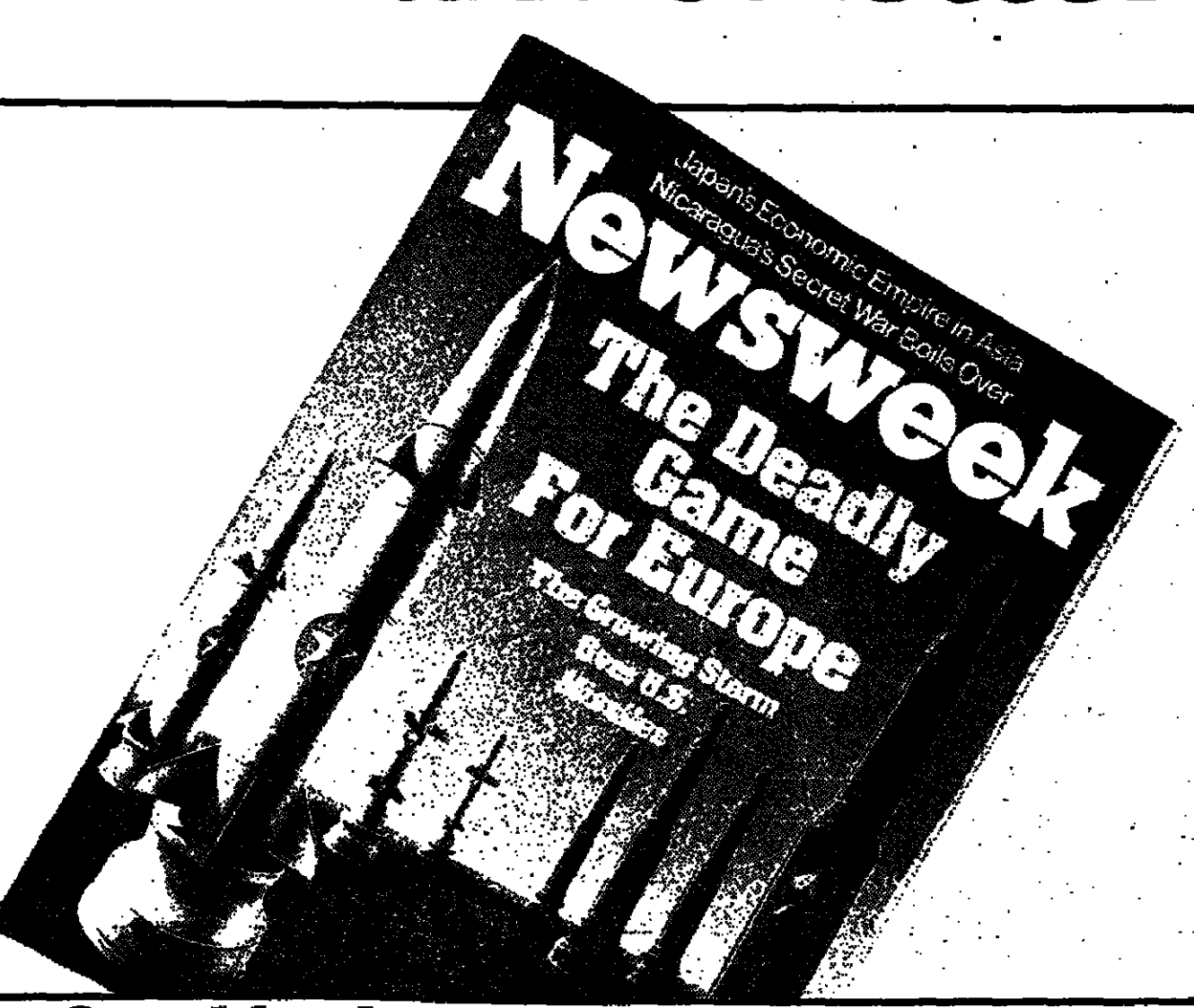
ZIMBABWE'S Prime Minister, Mr Robert Mugabe, yesterday promised to deal with insurgents and their collaborators in Matabeleland "with increasing vigour."

In a tough speech to church leaders of 12 denominations, Mr Mugabe gave no hint of any softening in the Government's policy towards the dissidents, who at the weekend murdered a white Zimbabwe senator, his 20-year-old daughter and a visitor from Britain.

He rejected church criticism of tactics used by the army against the rebels, hitting out at "sanctimonious prelates" and others of the band of Jeremiah, including "reactionary foreign journalists."

Significantly, Mr Mugabe made several references to "Zapu and its dissidents" and asserted that the dissident campaign had only one aim—putting Mr Joshua Nkomo into power.

# Who's playing Russian roulette?



## Outside views. Inside information.

### CONTRACTS AND TENDERS

#### REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(ALGERIAN POPULAR DEMOCRATIC REPUBLIC)  
MINISTRE DE L'INDUSTRIE LOUEDE  
(MINISTRY OF HEAVY INDUSTRY)

#### ENTREPRISE NATIONALE D'EMBALLAGES METALLIQUES

(NATIONAL COMPANY FOR METALLIC PACKAGING)  
COMPLEXE D'EMBALLAGES METALLIQUES  
(METALLIC PACKAGING COMPLEX)

#### NOTICE OF OPEN INTERNATIONAL CALL FOR TENDERS No. KDU 02/83

An International Call for Tenders is being launched for the supply of:

- Item No. 1—281 tonnes of lead in ingots assayed at 99.99%
- Item No. 2—10 tonnes of pure tin in ingots assayed at 99.99%
- Item No. 3—100 tonnes of zinc wire 1/8" 4.75 mm.

Offers should be sent in the form of pro-forma invoices, of which eight (8) copies should be prepared, C/F Algiers and FOB.

Interested tenderers should send their offers in a double sealed envelope, the outer envelope being completely anonymous and stating simply: Appel d'offre No. 02/83 Lot No. 1—281 tonnes de plomb (Call for Tenders No. KDU 02/83 Lot No. 1—281 tonnes of lead).

These offers must be accompanied by the following documentation:

- Bid
- Declaration to be signed
- Document certifying that the company does not have recourse to intermediaries.

Offers should arrive within 30 days with effect from the date on which this notice is published.

Tenderers shall remain bound by their offers for a period of 60 days with effect from the final date for filing of offers.

#### REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(ALGERIAN POPULAR DEMOCRATIC REPUBLIC)  
MINISTRE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES  
(MINISTRY FOR ENERGY AND PETROCHEMICAL INDUSTRIES)

#### "ENTREPRISE NATIONALE DE FORAGE"

(NATIONAL OIL EXPLORATION COMPANY)  
NOTICE OF LIMITED INTERNATIONAL CALL FOR TENDERS No. EX/03/83

The Entreprise Nationale de Forage (National Oil Exploration Company) "ENAFOR" is launching a limited international call for tenders for the supply of:

- Item No. 1: Miscellaneous spare parts for "CATERPILLAR" Diesel Engines.
- Item No. 2: Miscellaneous spare parts for "GM" and "END" Diesel Engines.

This Call for Tenders is intended for construction companies and approved official distribution companies only, and excludes amalgamations, representatives of companies and other intermediaries, in conformity with the provisions of Law No. 78-02 of 11 February 1978 relating to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from ENAFOR—Department Engineering at Approvisionnement, Engineering and Supplies Department—1, Place BIR HACHEM—EL BIAH—ALGER (ALGERIA)—with effect from the date on which this notice is published.

Tenders, of which five (5) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretary of the D.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no company insignia, and stating simply: Appel d'offre international No. 03/83/MEF (International Call for Tenders number 03/83/MEF confidential—do not open).

Tenders should be sent to arrive by Saturday, 7.5.1983 at 1200 hours, at the very latest.

Selection will be made within 120 days from the closing date of this Call for Tenders.

#### REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(ALGERIAN POPULAR DEMOCRATIC REPUBLIC)

MINISTRE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES  
(MINISTRY FOR ENERGY AND PETROCHEMICAL INDUSTRIES)

#### "ENTREPRISE NATIONALE DE FORAGE"

(NATIONAL OIL EXPLORATION COMPANY)  
NOTICE OF INTERNATIONAL CALL FOR TENDERS No. EX/03/83

The Entreprise Nationale de Forage (National Oil Exploration Company) "ENAFOR" is launching an international call for tenders for the supply of spare parts for drilling mud pumps (Hydraulic).

This Call for Tenders is intended for manufacturing companies only, and excludes amalgamations, representatives of companies and other intermediaries, in conformity with the provisions of Law No. 78-02 of 11 February 1978 relating to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from ENAFOR—Department Engineering at Approvisionnement, Engineering and Supplies Department—1, Place BIR HACHEM—EL BIAH—ALGER (ALGERIA)—with effect from the date on which this notice is published.

Tenders, of which eight (8) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretary of the D.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no company insignia, and stating simply: Appel d'offre international No. EX/03/83—CONFIDENTIAL—DO NOT OPEN—FOR THE ATTENTION OF THE HEAD OF THE ENGINEERING AND SUPPLIES DEPARTMENT to arrive by 10.5.1983 at the very latest. Any tender arriving after this date will be rejected.

Selection will be made within 120 days with effect from the closing date of this Call for Tenders.

#### REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(ALGERIAN POPULAR DEMOCRATIC REPUBLIC)

MINISTRE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES  
(MINISTRY FOR ENERGY AND PETROCHEMICAL INDUSTRIES)

#### ENTREPRISE NATIONALE DES TRAVAUX AUX Puits

(NATIONAL COMPANY FOR THE EXPLORATION OF OILWELLS)  
NOTICE OF INTERNATIONAL CALL FOR TENDERS No. 9014AE/MF

The Entreprise Nationale des Travaux aux Puits is launching an international call for tenders for the supply of:

- 1—PNEUMATIC WINCHES 60 TYPE HMKL 61281
- 2—WINCHES WITH STONEL ELECTRIC BRAKE TYPE OC 2040 WITH ELECTRIC ENGINE
- 3—SWIVELS NAT. N. 815
- 4—DESANDING POOLS 12/16 " ON SKID "
- 5—DESANDING POOLS 12/16 " ON SKID "

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits—2, rue du Capitaine AZZOUZ—Cote-Rouge—Russeine-DEY-ALGER (ALGERIA)—(ALGERIA) Department Approvisionnement et Transport (Supplies and Transport Department) with effect from the date on which this Notice is published.

Tenders, of which five (5) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the Secretary of the D.T. (Supplies and Transport Department) at the above address. The outer envelope should be completely anonymous, bearing no company insignia, and stating simply: Appel d'offre international No. 9014AE/MF (International Call for Tenders number 9014AE/MF confidential—do not open).

Tenders should be sent to arrive by Saturday, 7.5.1983 at 1200 hours, at the very latest.

Selection will be made within 180 days from the closing date of this Call for Tenders.



# The latest news in flying. Lufthansa Airbus A 310.



With the delivery of the first Airbuses A 310 Lufthansa's young fleet keeps getting younger. Designed for short and middle distance flights, the widebody A 310 is the most technologically advanced aircraft of today. That's why we ordered 25 of them.



**Lufthansa**  
German Airlines



## WORLD TRADE NEWS

## French make pitch for Chinese nuclear power station order

BY DAVID MARSH IN PARIS

FRANCE will be trying to woo China into agreement on a big nuclear power station order during a week-long French visit starting today by Mme Chen Mu Hua, the Chinese Minister for Foreign Economic Relations.

The Government is giving increased backing to the nuclear industry's efforts to secure export orders. This is to help compensate for the sharp slowdown expected over the next few years in domestic N-plant construction.

Eagerness to build up foreign nuclear business was underlined last week by M. Claude Cheysson, the French Foreign Minister, who said France was ready to sell a nuclear station to Pakistan in spite of controversy over weapons safeguards.

Framatome and Alstom Atlantique, the two big French nuclear engineering companies,

are hoping to clinch contracts for the 1,800 MW nuclear plant China intends to build in Canton province.

China signed a protocol agreement 10 days ago with GEC of the UK, thought to cover the turbine part of the power station.

Though they are resigned to sharing the nuclear contract with Britain, officials hope that an agreement can be worked out permitting GEC and Alstom to co-operate on the classical part of the power station while Framatome supplies the equipment.

The Chinese Minister's trip to France comes a month before President Mitterrand himself travels to China for an official visit. Apart from meeting Ministers and visiting the Pierre Cardin and Christian Dior fashion companies, she

will also tour steel and nuclear plants.

The importance of foreign orders for the French nuclear business is growing in direct proportion to the slowdown on the domestic front. The Government this summer is due to take unpopular decisions on nuclear construction which could, according to some officials, scale down domestic French orders to no more than three or four over the 1984 to 1989 period, against the present rhythm of two or three a year.

Apart from China and Pakistan, the industry is hoping for orders from Finland, Egypt and Morocco. The companies are also interested in building a further nuclear plant for South Africa to follow up an earlier order clinched in 1976. But M. Cheysson has publicly opposed such a deal.



Mme Chen... visits to nuclear plants and Christian Dior

France has raised international concern by climbing down from strict insistence over non-proliferation safeguards on a just-concluded deal to supply enriched uranium to India.

## Sharp reaction to cancellation of contract

BY COLINA MACDOUGALL

THERE HAVE been sharp comments on the statement in London last week by Mme Chen Mu Hua, China's Minister for Foreign Economic Relations, that the Peking Government was justified in refusing to ratify a defence contract signed with a major British consortium.

"What the Chinese are saying is that all businessmen will have to negotiate with central Government before they can be sure they have got a contract, which is scarcely possible," said

an executive from a leading British company.

Mme Chen, in Britain last week for talks with officials in the Departments of Trade, Energy and Industry and with top British businessmen, declared that Peking had behaved reasonably in allowing a contract for purchase of \$100m worth of Sea Dart missiles, and refit for two destroyers, to lapse within the period set for Government ratification.

The contract was signed last

November after nearly three years of detailed talks with the Chinese by a group led by British Aerospace, and Vespene Thorncroft. It lapsed at the beginning of March.

Mme Chen confirmed that the Chinese Government had not been satisfied with the price, the technology or the delivery dates, and had not examined these until the negotiations between the British and Chinese companies were completed and the contract signed.

"The Chinese Government must have been aware of these as negotiations proceeded," said another businessman in the defence field. "They are using this to cover up some kind of internal dispute over priorities." Some Chinese officials have reportedly already indicated that the real reason for the cancellation was a bitter row in the party's Central Committee over the purchase of the weapons.

## Merchant fleet '150m dwt too large'

By Our Shipping Correspondent

THE WORLD merchant fleet is about 150m deadweight tons too large, according to an estimate given last week at a meeting in London of the International Maritime Industries Forum (IMIF).

The figure was given by Mr. Alf Hiden, 82, the former chairman of Den Norske Creditbank of Oslo, who had earlier suggested in a written presentation that as much as 200m dwt of the present world fleet should be scrapped. Despite record scrapping in 1982 of 20m dwt, the world merchant fleet had been reduced by only a tiny amount, he said.

At the meeting, the IMIF reaffirmed its policy of trying to encourage shipowners to scrap surplus vessels. It aims to persuade owners and countries to co-operate in efforts to reduce surplus tonnage.

Mr. Hiden considered that scrapping should be increased to 50m dwt a year. With the current level of new shipbuilding, it would then take six years for the world fleet to come down by as much as 150m dwt.

Last year, he noted, the tanker fleet was reduced from 30m to 30.1m dwt. It is here that the level of new shipbuilding is most acute as recession has combined with changing patterns of oil trade.

The bulk cargo fleet, though, has risen from 154m to 167m dwt. Mr. Hiden's calculations did not include other types of vessel such as container, gas or refrigerated cargo carriers.

## Spaniards push role as bridge to Latin America

SEVERAL leading Spanish business institutions are making a concerted effort to boost Spain as a trade broker stimulating commercial links between Europe and Latin America.

Business officials in Madrid believe Spain's negotiations to enter the EEC, combined with the country's historic and linguistic links with Latin America, put it in a good position to encourage trade between the two economic blocs.

The Madrid Chamber of Commerce, which has 460,000 business officials and companies in its membership, pointed out recently that 10 per cent of Spain's 1982 exports of Ptas 1.8 trillion (million million) went to Latin America, chiefly Mexico (Ptas 46,900) and Venezuela (Ptas 26,700). Some Ptas 700bn, or nearly 45 per cent, of Spain's exports went to the EEC.

Chamber officials feel that Spain's trading strength in each region is such that European countries would benefit from investing in Spain as a bridge to Latin America.

Mr. Adrian Perea Jimenez, president of the Madrid Chamber, says development of such a bridge is a high priority. Juan Laing Construction of the UK, had already benefited through its Laing SA Spanish subsidiary, which had provided management expertise in the country's construction projects in South America.

In addition, the chamber selects 25-30 business school graduates each year for temporary assignment abroad, mostly in Latin America. Mr. Perea said in an interview in order to stimulate Latin American trade interest in Europe, the Chamber several years ago helped set up the Association of Ibero-American Chambers of Commerce (AICO).

This organisation groups Spanish and Portuguese chambers with 90 chambers in Latin America. It meets twice a year and is to hold its annual meeting in Caracas later this year when it will consider proposals to broaden its membership to include non-Spanish/Portuguese speaking chambers — mainly French, Dutch and English-speaking chambers from the Caribbean region.

The Latin American connection also figured in the Construction 83 conference, industry trade fair in Barcelona last month. The fair, which took in nearly 200,000 visitors, doubled its previous attendance in 1981, its first full year as an international event. It stressed the opportunities for European construction industry in Latin

## British to import Innocenti mini car

By Kenneth Gooding, Motor Industry Correspondent

THE INNOCENTI mini car, made in Italy but using a Japanese engine, is to be imported into Britain by a subsidiary of the Tozer Ramsley and Milbourn international trading group.

Nuovo Innocenti was once owned by BL. It was taken over and restructured in 1976 by Argentinian industrialist Alessandro de Tomaso and completely severed its links with the UK group in October 1981. Innocenti has switched from using mechanical components from the BL Mini to a three-cylinder, 1-litre engine and a transmission supplied by Daihatsu, one of Japan's smaller automotive companies but which is closely allied to Toyota, the biggest. The engine and transmission are also used in the Daihatsu Charade.

TKM has the franchise for Daihatsu cars in Britain and next year its Daihatsu (UK) subsidiary will begin importing the Innocenti mini as well.

Mr. Laurence Kramish, managing director of Daihatsu (UK), says his company expects to sell about 3,000 of the Innocenti in the first year. Ultimately it aims for annual sales of around 5,000.

The Italian cars will be sold through the 140-strong Daihatsu dealer network which is used to servicing the engine and transmission.

In Britain, Daihatsu has been restrained from expansion by the voluntary agreement on car shipments from Japan. Last year 4,743 Daihatsus were registered, up from 3,059 in 1981. So, if Innocenti sales live up to expectations, they will provide both the importer and its dealers with a considerable boost in volume.

Although Innocenti had its own dealer network in Italy, in other Continental markets, it relied on BL to distribute its cars. The Innocenti version of the Mini, a hatchback designed in the mid-1960s by Bertone, was never sold officially in Britain.

Daihatsu is supplying Innocenti with about 20,000 engines and transaxles a year, and has agreed that its dealers on the Continent should distribute the cars.

In 1980 Innocenti's car output was nearly 40,000 but it fell steeply following the break with BL. TKM from 1971 to 1979 had the highly-lucrative BMW car and motor cycle franchise in Britain which the German group took over itself three years ago. And, until last autumn, it also had the import franchise for Jeeps.

New Issue April, 1983

All of these securities having been placed, this announcement appears for purposes of record only.

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## TECHNOLOGY

SEIKO JOINT VENTURE MOVE INTO 'IK

## Time for computers

BY ELAINE WILLIAMS

SEIKO, the world's largest watch manufacturer is proclaiming that its time has come in computers. In June it will launch the first of its products in the UK only nine months after it set up a joint venture with a U.S. company to develop business computers.

The joint venture company, Sci-Com Computer Systems, introduced the computer in the U.S. at the end of last year but is already turning its sights on the European market. SMC Sci-Com is 94 per cent owned by the U.S. software specialist company, Science Management Corporation. The remainder of the equity is owned by R. Hattori, the Seiko holding group. Seikohsu—the computer manufacturing and watch-making arm of Hattori and Tokyo Boeki.

## Development

Science Management Corporation (SMC) provides the software expertise while Seiko uses its precision engineering skills to manufacture the computers in Japan. A total of 300 people are already involved with Sci-Com in the two organisations and more than U.S.\$1m has been spent on the new computer's development.

The team has come up with a multi-user 16-bit computer which is aimed at the business market to carry out a wide variety of tasks from accounting and business graphics to decision-support systems. Sci-Com believes that most types of organisations can use the

THE SMALLEST configuration of the Seiko 8600 computer allows an individual user to have business, accounting and word processing facilities. This is expandable to four users with each display terminal dedicated to different tasks within an office or department.

The machine is a 16 bit computer based on the Intel 8086 microprocessor, which offers up to 512Kbytes of random access memory (RAM). A variety of floppy and hard disc options are also available. For example, it is possible to have one floppy disc system capable of storing 640Kbytes of information and a hard disc with a 10Mbyte capacity.

Communications between the computer and the visual display units are via the

RS232C standard interface. The company has considered that low maintenance is an extremely important aspect of the computer's design so that it has made every part of the computer simple to replace and there are built in self checks to test for faults.

Inside the machine, the 128K memory expansion circuits are packaged in sealed plastic cartridges so that they are simply lifted out of the sockets. The floppy or hard disc drives are held in place by a cable connector.

With six different computer operating systems, Seiko believes that it has covered most customer tastes. For example, the option of the MS-DOS operating systems means that the 8600 is compatible with the IBM personal computer.

systems, which start at about £7,000 for the simplest configuration.

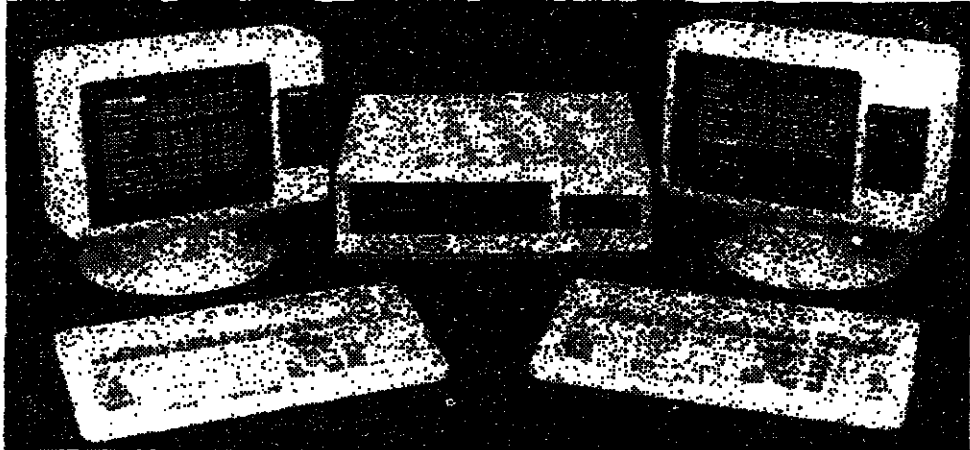
A new company has been set up in the UK to distribute the Seiko 8600 range of multi-user desktop systems. Synchronised Computers is headed by Mr John Clarke, who has had wide experience in most areas of the computer industry.

Mr Clarke said that his company would aim to provide a comprehensive support for the new computer range both in terms of hardware and software. The computer has been designed to be extremely easy to maintain — no tools are required to remove faulty parts; they just pop out of the machine

easily. Even modifications and expansions to the system are performed in the same way.

Also, the computer allows companies to choose from six different operating systems including UNIX, MP/MS, MBOS, OASIS-16, and CP/M and six programming languages are available.

Seiko's original idea was to sell its existing range of desktop machines aimed at the industrial market to the U.S. when it approached SMC. However, SMC felt that this was not the right direction for the company and suggested that a business machine would be more appropriate because of the expanding market in this sector.



The Seiko 8600 Series business computer system is built around the Intel 8086 microprocessor and can support six operating systems

## CONTROLS

## Mobile demo

J. H. FENNER and Co (Power Transmission) of Hull has launched a number of new electric motor control systems and is about to take them around the country in a mobile demonstration vehicle.

Fenner, which also has plants in Germany, Sweden, Finland, South Africa, New Zealand, India and more recently in the U.S., first launched an AC controller in 1980, for motors up to 7.5 kW—a device which, it claims, was the first microprocessor based AC unit to go on the UK volume market.

Now, a new controller for motor powers up to 1.5 kW has been introduced employing rather less sophisticated techniques—and somewhat lower price levels. As Stanley Parker, chairman, puts it: "Customer reaction to high technology is only positive if the benefits can be quantified in his terms."

The controller is one of the results of a £5m investment programme by the company in the UK and U.S. One of the moves was to increase the chopping frequency, resulting in a reduction in size of certain important components and the elimination of a bulky output capacitor. As a result, the device is also more reliable.

In addition, the use of a microprocessor has allowed the output characteristics of the controller to be optimised, particularly for energy saving when the motor is idling.

At the same time the company has developed a digital 0.375 kW DC motor controller in the U.S. and has also brought to the market a speed monitoring device called Accutrim.

The latter can be used to control AC or DC motors to improve significantly on the normally expected speed holding abilities when significant load changes occur.

Other new devices from Fenner will, for example, allow full motor torque to be developed during starting for an adjustable time period. After that, a limiting overload torque control takes over to prevent damage to driven machinery.

The logic circuits also allow short period torque transients to be accommodated, again for a set time period, avoiding unnecessary production stoppages when a minor mechanical restraint occurs. More on 0482 781234.

GEORGEY CHARLISH

## IBM LAUNCH MARKS TREND TO MULTIFUNCTION

## U.S. assault on Japanese personal computer market

BY ROY GARNER IN TOKYO

THE launch of a new personal computer in Japan in March by IBM Japan, represents the start of a full-scale assault on the fast growing Japanese "pasoc" market by the leading U.S. maker. It could also mark the beginning of a wider trend within the personal computer field towards "multifunction" equipment capable of offering such facilities as word processing and an "on-line" configuration in addition to the conventional personal computer functions.

The new 16-bit machine is called the IBM 5550 multifunction station, and in terms of marketing, approximates to the IBM personal computer on sale in the U.S.

The 5550 is officially described as a "multifunction, very small computer system," and differs from current "pasoc" market products by offering three-way functions as a stand-alone personal business computer, a Japanese word-processor or an on-line terminal, together with a variety of minor features developed for the local market.

It uses an Intel 8086 CPU, offers 256 kbytes of standard memory, expandable to 512 kbytes and can be supported by up to three 5¼-inch auxiliary storage diskettes. Prices range from ¥980,000 for the basic system to ¥3,050,000 for the top-of-the-line configuration.

Mr Richard Morris, a senior spokesman for IBM Japan, said that the combining in one machine of several functions important for business applications is a departure from the "separate boxes" of conventional systems, but stressed that IBM was not prepared to say at the moment that this signals a new trend.

He noted, however, that a move towards multifunction capabilities was already discernible in the development of two other IBM computer products: the "displaywriter," which evolved from principally word-processor functions towards basic computing tasks, and the System 23, the company's smallest business desktop model, which started off as a business computer and later had word-processing functions

added. Both products have also acquired communications functions as supplementary features.

The launch of the 5550 has aroused considerable interest among the Japanese, who have been impressed by the speed and scale of the U.S. company's adaptation to local market conditions, and its readiness to enter into partnerships with Japanese enterprises. Most of the hardware for the 5550 is being manufactured by Matsushita Corporation, and the Japanese sales network has been expanded from 21 to 40 outlets to coincide with the new product launch.

The provision of high level Japanese word-processing functions also appears to satisfy a key demand of the business community. It is too early yet to assess the potential demand for the IBM 5550 in the very competitive Japanese personal computer market, but one distributor, Nihon Business Computer Sales, says it is aiming for 2,000 unit sales in the year from this month.

## GAS TURBINE RESEARCH PROGRAMME

## Work on Cost 501 about to start

WORK on one of the largest collaborative research programmes in Europe is about to begin. It is Cost 501, a project aimed at developing high temperature materials for use in the gas turbine industry.

A total of 75 organisations throughout Europe are involved in the programme which is partly funded by individual national governments. Companies, research institutes and universities can obtain up to 50 per cent funding for the development work in the UK, for example.

European collaboration on gas turbine developments started in 1972 with a project called Cost 50. This involved 36 organisations including companies such as Rolls-Royce, SNECMA, GEC and Brown Boveri. The aim of the research, though never openly stated, was to provide strengthened European gas turbine technology so that it could compete more effectively

against the U.S.

This original programme is still running and deals mainly with common gas turbine problems such as thermal fatigue, high temperature corrosion, and alloy development.

Such was the success of the collaboration that it was decided to go ahead with another phase of the project, Cost 501, which looks at the wide range of high temperature materials. This is expected to last between three and five years.

Dr Tom Gibbons, at the National Physical Laboratory's division of materials applications, who is involved with the project, said that an advantage of the collaboration to companies such as Wiggins Alloys in the UK, Thyssen in West Germany and Creusot-Loire in France is that new products can be evaluated rapidly by shared test programmes.

As users of materials are also involved in the programme it is possible to ensure that the new

materials are used in the appropriate application.

Dr Gibbons said that the work is usually of a medium to long term nature so that problems associated with patents and property rights between groups of collaborators have generally been avoided. Most EEC countries are involved in the work plus Sweden, Austria and Switzerland.

A management committee co-ordinates the activities of organisations in different countries and experts in specific areas can also ensure that research is not duplicated. Participants share the information through written papers and meetings.

Dr Gibbons said that gas turbine materials technology had specific problems to overcome and there was constant pressure to produce faster gas turbine engines at an economical cost.

ELAINE WILLIAMS

## Software

## Hotel systems

ROSKYNE, which has supplied some 200 hotel computer systems since it entered the market in 1978, has introduced a new design with improved software. The first installation is to be at Thistle's 320-room Kensington Palace Hotel.

The system will operate on any DEC computer, from the new personal machine through to the PDP 11 and VAX range. Roskyne says in addition that it can now operate identical software on single user systems with hardware costing £5,000 at one extreme to systems supporting "hundreds of on-line terminals" at the other.

Comprehensive coverage is provided of reservations, room management, registration, guest accounting, departure, financial analysis, forward room analysis and the system also looks after sales, purchase and general ledgers. More on 01-242 1951.

## File access

## Intergraph network

INTERGRAPH, the computer aided design specialist, can now network its workstations via Internet, developed to provide inter-system file access and transfer.

Using Internet, workstations and hosts can be linked in a continuous loop extending to 6,000 feet. An additional line between workstations and the designated host data processing system allows direct dedicated communications at up to 10,000 feet.

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## AMERICAN NEWS

## The U.S. is taking a new look at an old ritual, Reginald Dale reports Williamsburg may be different

THIS TIME, it's all going to be different. That is the determined intention of the Reagan Administration as it gears up to host the next world economic summit meeting, the ninth such gathering of the leaders of the seven major Western nations, in Williamsburg, Virginia, 24 hours drive south of Washington.

In what has become an annual ritual, the Presidents or Prime Ministers of the U.S., the UK, France, West Germany, Italy, Canada and Japan will meet in what is meant to be a secluded setting to discuss the world's, and their own, problems.

The Americans say that they have learned their lesson from past summits, at which they feel bureaucrats were allowed to hijack the meetings from the leaders who were meant to be making the running. The Heads of Government have become obliged to negotiate details of communications and technical issues which they did not even know they were going to be confronted with, the Americans believe.

This time, they say, they do not plan to present the leaders with a pre-drafted communiqué, although there will be a "statement" at the end. The plan is to leave it to the leaders themselves to decide what they want to say, and then ask their Ministers and officials to work through the night to get it right. That would fit in the face of nearly all past precedents, and the Americans themselves confess that they are not totally

sure that it will work.

Part of the reason for the new approach is the nostalgia of Mr George Shultz, the Secretary of State, who was sent as a personal representative by President Gerald Ford to prepare the ground for the first summit in Rambouillet, outside Paris, in 1975. That meeting was the nearest that the Western leaders ever came to the informal private gathering that they said they were aiming for, and is generally rated one of the most successful.

Since then, the meetings have progressively degenerated into media events, in which the participants have found themselves trapped not only by their own officials but by the vast caravan of the world's Press into performing on the public stage. It is too tempting to know that they can step outside, make a few remarks in front of the television cameras, and get maximum publicity back home.

Not infrequently, they say things to the Press that are quite different from what they said in the meeting, but who is to know at the time? The greatest temptation is to appear on television in the company of the other participants, drumming home the image of world statesmanship.

The second reason for surly appearances is to explain to the domestic voter what on earth they are doing in a usually exotic location at the taxpayers' expense — particularly as prior expectations

are usually raised much higher than actual results.

The Americans are fully aware of the risk. Indeed, they have almost masochistically exposed themselves to it by choosing colonial Williamsburg as the venue. The old town, founded in the early 17th century and painstakingly restored with the aid of Rockefeller money, is a picture postcard setting.

On a normal day in the tourist season, you may come across an actor dressed in 18th century costume riding down the main street pretending to be the sheriff or watch a competitive display of Brown Bess musket and rifle-shooting, intended to underline the prowess of the American sharp-shooters against the red coats in the War of Independence.

The place looks like a stage television set, and it is hard to avoid the impression that this is one of the reasons why President Ronald Reagan, who has never really stopped being an actor, will feel at home there. It is his summit, and he wants to make the most of it. His officials say, however, that he will not bend over backwards to make it a media success. The subjects for discussion — still only vaguely defined — roughly divide into a discussion of world macro-economic trends and East-West economic relations. The White House feels that in public relations terms Mr Reagan is almost in a "no-lose situation."

He can either come out showing that he has persuaded his cantankerous allies to toe the American line, or he can decide to stir up a row in which he tells them (the Europeans in particular) where to get off — always good for a few political points in the U.S. Mr Reagan originally asked his officials to find a site in his beloved California, but they reported that they were unable to find a place that could house the number of people involved and be surrounded by a tight enough security screen. Between 6,000 to 8,000 people are expected.

Mr Allen Wallis, the State Department official responsible for preparing the ascent to the summit, a "Sherpa" in summit jargon, puts it this way: "Each head of Government will have his or her own colonial house and they can talk over the back fence."

The atmosphere, officials say, will be "simple and American-style," and "anything but grandiose." That is an obvious dig at President Francois Mitterrand's decision to hold last year's summit in Versailles, which the Americans cannot remotely match.

The Americans, however, are deadly serious about wanting to make it a more intimate occasion. The meeting last from Saturday evening on May 28 to midday on Monday May 30, so there will only be about six or seven hours for meeting around a table, not counting



The historic Capitol Building in Williamsburg, site of the original Virginia legislature

meals. If meals are added on, the Americans plan to have the leaders meeting totally on their own — with no other Ministers or officials, only interpreters when necessary — for something over half the time. The Americans believe that in the past Foreign and Finance Ministers, who are also regular guests, have been hovering far too close.

The "Sherpas" have already met twice, once at Saint Cloud on the outskirts of Paris in December, and again in San Diego, California, earlier this month. They are to meet again in mid-April in Williamsburg, to get the feel of the place, and in mid-May in Washington. They all know each other well, and American officials describe their meetings as "intense but casual."

The American hosts say that they want a real, free-ranging discussion. They say, the agenda has been far too structured in the past, creating artificial divisions between subjects that are closely inter-related. They do not want decisions to be negotiated or deals done.

The issues that made the Versailles summit a retrospective disaster, essentially differences between the U.S. and its allies about their political, economic and commercial approach to the Soviet Union — have not gone away. Ideally, the Americans would prefer a genial success to a blazing row. The problem is that we have heard it all before. Nearly every summit host has started out with the same intentions of assuring an intimate atmosphere, and nearly all have failed in the end.

## Reagan calculates on new defence budget 'flexibility'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT RONALD Reagan appears to have found a way of showing the "flexibility" he promised on his defence budget without seriously endangering his arms build-up.

The calculation is that several billion dollars can be cut from the budget over the next few years if a less expensive basing system can be agreed for the new MX intercontinental missile.

Mr Reagan's special commission studying the various basing options is to report next week, and Mr Reagan is expected to follow its recommendations closely.

The commission is expected to propose that 100 MX missiles be placed in existing Minuteman silos, with immediate studies of a new, much smaller mobile missile known as "Midgetman." The use of existing silos would be considerably cheaper than building the new "dense pack" system of closely-clustered silos that Mr Reagan originally suggested. The White House yesterday indicated that it would allow \$8bn to \$10bn to be shaved from Mr Reagan's original military spending plans over the next five years.

The new basing system, however, would probably only save about \$3bn in the 1984 defence budget, currently the focus of a major battle in Congress.

It will certainly not satisfy the Democrats in the House of Representatives, which has passed a budget providing for a real increase of only 4 per cent in 1984 defence spending, against the 10 per cent sought by Mr Reagan.

It will almost certainly not be enough either for the Republican-dominated Senate, which is looking for an increase of about 5 per cent. Mr Reagan proposed an increase of about \$300bn in the 1984 budget from \$208.5bn in 1973 to \$233.5bn.

The lame-duck session of Congress at the end of last year voted against placing the MX in existing silos and withheld almost \$1bn in production funds until an adequate basing system is agreed.

However, the administration is now more confident that it can get the missile through Congress, particularly as the special commission has consulted closely with congressional leaders in drawing up its proposals.

## Chilean reheduling deal near completion

BY PETER MONTAGNON IN LONDON

CHILE was reported yesterday to have reached a tentative agreement with its leading foreign bank creditors on terms of an eight-year reheduling of debt maturing this year and next and a new loan of up to \$1.4bn.

Final details of the agreement, which was reached late last week with a group of banks chaired by Manufacturers Hanover, still have to be worked out. It is understood that talks will continue at the end of this week between Chilean Government representatives, the International Monetary Fund and the creditor banks.

But as terms of the agreement began to emerge yesterday, it appeared Chile had won more new money from the banks than previously expected.

Two weeks ago Chile was known to be seeking only \$1.2bn. Yesterday bankers were talking of an amount that could reach almost \$1.4bn.

In return, Chile is understood to have agreed to pay rather high margins of 24 per cent over Eurodollar rates or 24 per cent over the U.S. prime rate.

These margins would apply to both the new loan and the reheduling which would both have a final maturity of eight years with repayments beginning after a grace period of four years.

Still unclear, however, is the degree to which Chile will formally accept responsibility for the debt of its private financial sector which has borrowed much of the \$3.5bn that is to be rescheduled. Some bankers suggested yesterday that the Chilean state would promise little more than moral backing for its banking sector, with individual rescheduling agreements to be signed with each separate private sector debtor.

Manufacturers Hanover declined yesterday to comment on the state of the talks, which began more than a week ago and broke off briefly for the Easter weekend. Official confirmation of the agreement is not expected at the earliest until the next round of talks is completed at the end of this week.

A two-day trip through the Nueva Segovia province made it clear that the Sandinistas are in full control of the military situation there and that claims by the counter-revolutionaries that they had taken key towns and controlled territory in the province have been grossly exaggerated.

No military posts or towns showed any signs of attack and the morale of the Sandinista soldiers and militia was clearly high. It seems the guerrillas have limited their activities to

mounting ambushes along lonely roads and attacking isolated outposts.

No figures have been given of Government troops in the region, but it appears that some four or five battalions are stationed in Nueva Segovia, suggesting between 4,000-5,000 soldiers and militia defending the province.

On Monday, Sr Tomas Borge, Nicaragua's Interior Minister and other officials from the Foreign Ministry and Security Services met with their Costa Rican counterparts to discuss the delicate state relations between the two countries. Costa Rica has been complaining about Nicaraguan harassment of Costa Rican travellers on the San Juan River which separates the two countries, while Nicaragua has been complaining of the infiltration of counter-revolutionary forces, across the river into Nicaragua. A leader of the counter-revolutionary group Udu-Farm recently admitted that they had been infiltrating their troops into Nicaragua from Costa Rica for the past eight months.

## Venezuela enforces law to combat corruption

BY KIM PUAD IN CARACAS

VENEZUELA has put a controversial anti-corruption law into effect obliging the nation's estimated 1.5m strong public workforce to declare all personal assets. The law provides for fines of up to \$100,000 and 10 years' imprisonment.

The law — "to safeguard public patrimony" — covers offences ranging from outright stealing of public funds to negligence in care of public properties. Its creators describe the law as the most complete body of rules of conduct for public servants ever legislated.

Venezuelan congressman Henry Ramos Allup and Gustavo Parre Briceno drafted the law to counter "increasingly more sophisticated forms of corruption in Venezuela," according to Sr Ramos.

The law, which is directed at all public officials, elected or designated, as well as private companies and individuals on contract to the Government or acting as intermediaries.

● Provides for a sworn declaration of all personal assets upon taking public post and immediately after leaving it;

● Authorities the comptroller-general to verify sworn declarations to the point of inspecting safe deposit boxes if necessary;

● Defines all manner of offences from outright stealing of public funds to "every other violation of legal or regulatory dispositions not expressly foreseen in the law";

● Establishes a special "tribunal to safeguard public patrimony" to enforce the law.

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## ENERGY REVIEW

## Romanian self-sufficiency may be a pipedream

By David Buchan

JUST AS energy has been the key to Romania's recent economic problems, so it is the key to their solution. The past year has seen a big swing in the country's external financial position, from liquidity crisis to sizeable trade surplus. But Romania's creditors, the International Monetary Fund, Western governments, banks and companies, are all watching to see if this improvement can be sustained through President Ceausescu's ambitious energy programme.

This involves boosting domestic oil production, slashing oil imports, switching electricity generation away from burning oil and gas to heavy reliance on coal and nuclear power. Mr Ceausescu, who frequently verges on the visionary, has said he believes Romania can be self-sufficient in energy by 1985 or shortly thereafter. Many observers consider this fanciful. Professor Marvin Jackson of Arizona State University, a noted specialist on the Romanian economy, notes that the critical goal of cutting oil imports depends crucially on a big leap in coal extraction, the most trouble-racked sector. But the Romanian leader has at least identified energy as his country's core problem.

Romania has lived off its hydrocarbons for a very long time. Its first oilfield, with manually dug pits, dates from 1856, and Romania was the first country to introduce gas lighting and later oil-generated electric lighting in some of its streets. Flattened by Allied bombing in the Second World War, the oil fields were rebuilt to provide, after 1945, the base for Mr Ceausescu's ambitious industrialisation. But oil output peaked in 1976 at 14.7m tonnes (see table), forcing Romania to buy more crude from abroad, as much as 16m tonnes in 1980. Some of these imports have come from the Soviet Union, but paid for in dollars at world prices. Romania effectively cut itself out of the advantageous system whereby other Comecon countries buy Soviet oil for rubles at the special, low intra-Comecon rate, by refusing in the 1960s to join wholesale trading in Comecon specialisation programmes. Romanians now rue this, and have insistently asked Moscow to let them have "rouble" oil. But there is no sign yet of the Kremlin agreeing.

Thus, the Romanians have had an increasing problem in fueling their big refining,

## SOURCES OF ELECTRICITY GENERATION

Figures in percentages

	1981	1980
Hydro-electric	18	22.7
Nuclear	—	21.5
Coal	25	41.2
Oil/gas	56	5.2
Solar/thermal	1.5	4.3
On-site industrial	5.2	4

Source: Romanian Ministry of Power

chemical and petrochemical industry, with an annual throughput capacity of 32m tonnes now. This has been compounded by the perverse behaviour of world crude prices often rising faster or (at present) falling slower than refined product prices. The upshot has been that, until at least very recently, Romania has been making a foreign exchange loss for every barrel it has imported, refined and re-exported.

To overcome this, the Romanians have set themselves three tasks.

Domestic oil production is being increased from 11.7m tonnes last year, to 13.5m tonnes this year, 14m tonnes next year and 15m tonnes in 1985. Most of this increase, the Romanians claim, will come from new and deeper well drilling. Drilling will go from a maximum of 5,000 metres to a new depth of 6,000 metres, and in the process it is hoped to find more gas to sustain production which has stayed fairly steady at 30bn cubic metres a year.

Romania is also trying to scour more oil out of its older fields. It makes all of its regular drilling gear, and happens to be the world's second biggest exporter of drilling equipment, behind the U.S. But enhanced recovery has required the import of some specialised equipment for which Romania got a \$101m World Bank loan last year. The Romanians have given no details of what offshore exploration has turned up in the Black Sea. But Dr Nicolae Niculescu, chief of oil production at the Petroleum Ministry, says it is in commercial quantities and production should start in 1984-85.

Conservation is being encouraged with higher petrol prices and limits on Sunday driving, as well as by more general measures including the unenforced, and unenforced, decrees requiring householders

to use only one lightbulb per room.

Since 65 per cent of all energy in Romania is consumed by industry, the measures there are more important. Mr Dimitrie Iustin, the deputy chemicals minister, says only 16m tonnes of oil is to be used this year for refining chemicals and petrochemicals to fill domestic needs, compared to 18m tonnes last year. "We want to use that 16m tonnes as well as possible," he says, and he would like Romania to move more into the area of higher value, lower tonnage products.

Imports of oil are to be cut. By how much is not clear. Romania has recently circulated to its Western bank creditors a memorandum stating that imports will be a mere 1.5m tonnes this year. This is somewhat misleading. Dr Iustin Bituleanu, the deputy finance minister, explains that the 1.5m tonnes is just to cover basic domestic needs.

The sole criterion for importing any more than this is whether we judge it to be profitable," he says. This will involve keeping a closer eye on the relation between world oil and product prices. Clearly, should the oil product market continue to be unfavourable, Romania (with perhaps 13.5m tonnes of its own oil but only 1.5m tonnes imported) may

## ROMANIA'S SEESAWING OIL BALANCE

Figures in millions of tonnes					
Year	Production	Imports	Year	Production	Imports
1978	14.6	5.1	1979	12.3	14.3
1976	14.7	8.5	1980	11.5	16.0
1977	14.7	8.8	1981	11.6	12.9
1978	12.7	12.9	1982	11.7	10.9

Source: Official Romanian statistics

see utilisation of its massive refineries drop below 50 per cent in coming months. But that, everyone now agrees, is better than losing dollars hand over fist. Dr Bituleanu adds that Romania hopes to take more oil from the Soviet Union, China and the Middle East on a barter basis this year.

A key factor in putting Romania's oil sector financially into the black is reducing the share of electricity generated by oil and gas to 5 per cent by 1990 (from 50 per cent in 1981). This hope of the Bucharest planners depends, of course, on other energy sources taking up the slack (see table). And this is where real doubts creep in.

The Ceausescu Government has a record of setting Stakhanovite coal targets which its miners do not and cannot meet. Output last year was 37.9m tonnes, when it was supposed to be 44m tonnes. The 1983 target of 52.2m tonnes is likely to be even further removed from

reality. Part of the problem is bad conditions underground. Mr Ceausescu publicly admitted last December there had been "a number of fairly grave accidents which seriously affected production." Aware perhaps of the risks of pushing miners into open defiance, the President has set them a new work regime, shortening hours for those in the toughest mines. On the other hand, he reminded them that, as for all Romanians these days, pay was tied to results and there was no longer a guaranteed minimum of 80 per cent of salary.

Much of the coal increase is supposed to come from open cast strip mining. But even here there have been production problems, with stories of equipment breaking down and pits flooding. Skilled miners and machine operators are in short supply, on Mr Ceausescu's admission, and even students have been sent to do "patriotic work" in the mines.

The problem with the nuclear programme, which will one day have an interesting mixture of Canadian and Russian technology, is one of delay. Atomic Energy of Canada (AEC) is now building two Candu reactors at Cernavoda of 660 Mw each. The Romanians say they hope the first will be operational in 1985; the Canadians say 1988 is more realistic. Part of the delay is due to a Canadian Government freeze on the \$450m credit for the Romanian purchase of Candu equipment and technology, because of Romania's recent financial problems. There is also a questionmark over provision of an Export-Import Bank credit for Romanian purchase of turbines, which General Electric of the U.S. is providing along with Ansaldo of Italy.

Once the Cernavoda reactors (there are to be five eventually) are built, the Romanians are confident that they can go ahead and build more Candu-type reactors virtually by themselves in Transylvania. Coupled with the Russian-pressurised VVER reactors which the Soviet Union last year contracted to build in Moldavia, this will give Romania a substantial input from nuclear power by the end of the century. But, in the shorter term, the contribution of nuclear power to Romania's energy balance looks as uncertain as that of coal.

## Magnox power station exports sought by UK

BY A SPECIAL CORRESPONDENT

BRITAIN'S National Nuclear Corporation (NNC) is making efforts to export a smaller version of the well-tried Magnox power station.

The NNC faces a critical shortage of business in a few years' time and is planning most of its hopes on a go-ahead for the Sizewell B pressurised water reactor (PWR) and the eventual development of a commercial fast breeder reactor in Britain. The NNC believes the Magnox unit has better immediate potential for export than the advanced gas-cooled reactor, the domestic performance of which will not become clear until at least 1990.

A British PWR would be a strong contender in the export market but until at least one plant is built and expertise is proven, the potential is small. In the meantime the NNC is concentrating on trying to

export a 300 Mw Magnox unit to countries where the economy cannot justify a bigger plant. Turkey is among those currently interested.

Previous experience has shown that developing countries have difficulty in raising the necessary finance and the NNC also faces competition from Framatome and Kraftwerk Union.

A decision on Sizewell B is not expected for a year at the earliest and Dr Ned Franklin, NNC managing director, told the public inquiry last week that the corporation needs one nuclear plant order every three years to maintain and improve its expertise.

The present world recession has reduced expectations of orders for nuclear plant. In some Western countries there are also anxieties over safety, but future exports of plant are

still expected to be dominated by the PWR.

The NNC knows that British companies would not risk the expense of creating specialised manufacturing equipment and facilities for the coolant system, including the pressure vessel, unless they were assured of a domestic PWR programme.

For Sizewell B the contract for the coolant system will go abroad, with British companies involved only as fabricators. Other equipment and facilities will, however, be provided by British concerns.

The unlikelihood of a domestic programme of PWRs in the foreseeable future has been confirmed by the Department of Energy, which has stressed that power stations are to be ordered on a step-by-step basis.

In any case, NNC's wish to export a PWR package will be

subject to Government approval in view of its ratification of the Nuclear Non-Proliferation Treaty.

Agreements have been made between the NNC and Westinghouse, the Bechtel Corporation, the Standardised Nuclear Unit Power Plant System utilities and Nuclear Projects Inc in the U.S. in order to obtain PWR information. The PWR joint project includes members of the Westinghouse and Bechtel on secondment to NNC and under its direction.

The contract between the CEGB and NNC over the management of the Sizewell B site, now in draft form, is likely to be finalised in the next few months.

Good progress has been made in negotiations with the CEGB and the NNC is likely to have overall control of the site as agents of the board.

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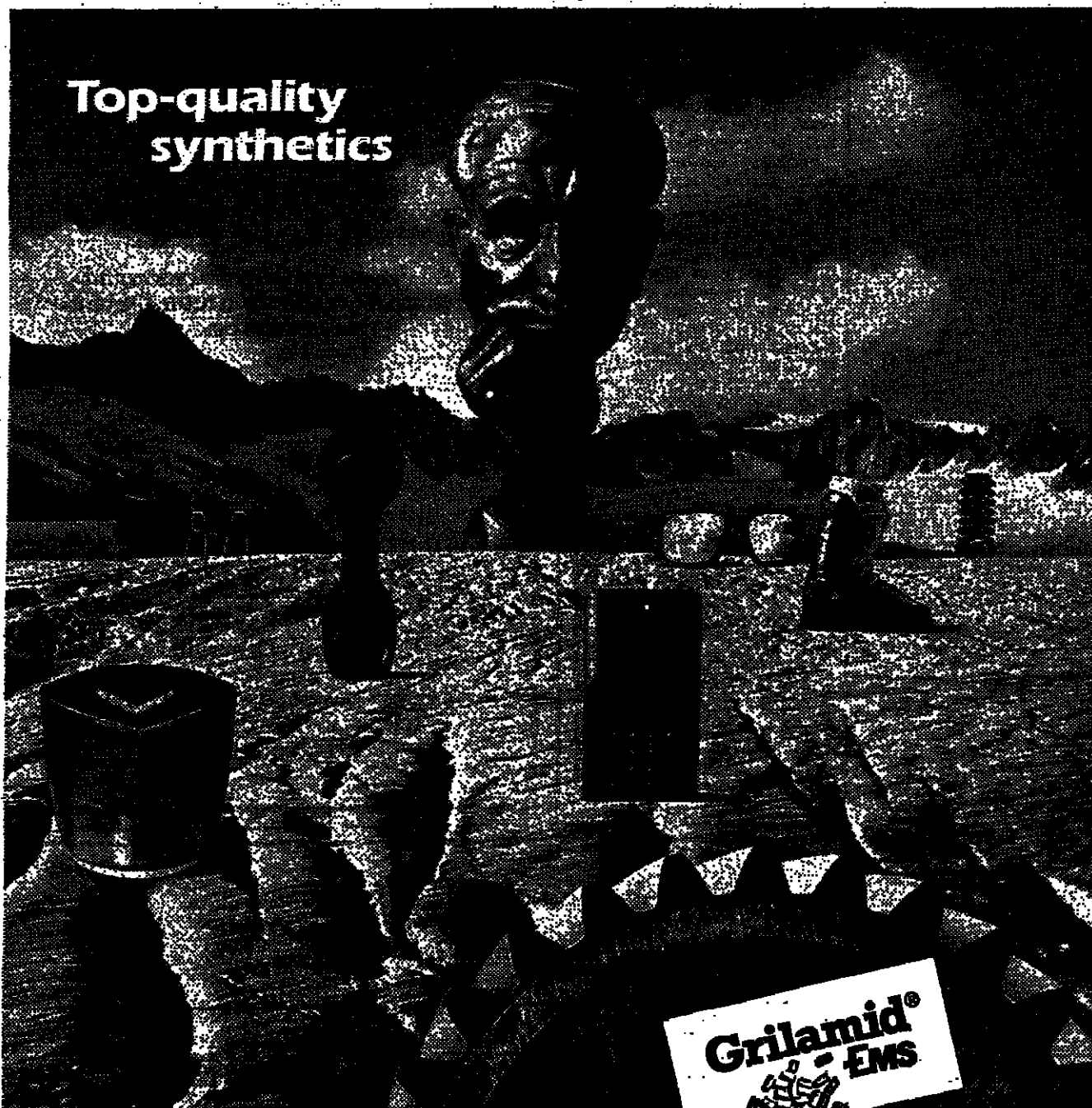
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## UK NEWS

Lloyd's  
urges  
reform of  
agenciesBy John Moore,  
City Correspondent

LLOYD's underwriting agencies, the groups which look after the affairs of 21,000 members of the Lloyd's London insurance community, should be owned and controlled by members of the market and not by outsiders.

That was the main conclusion of an internal study prepared on the future of the underwriting agency system within the market published yesterday by Lloyd's.

This study was prepared largely at the instigation of the House of Commons in 1981 when a Select Committee was studying Lloyd's proposed legislation for improving its self-regulation.

During the passage of the Lloyd's legislation, Parliament identified conflicts of interest between insurance brokers, the buyers of insurance, and underwriting agencies which manage Lloyd's underwriting syndicates, the sellers of insurance. Parliament insisted that the Lloyd's legislation should demand that brokers sell their shareholding links with underwriting managing agencies within five years.

While Parliament did not insist that brokers should sell their shareholding links with the agencies which introduce members to Lloyd's syndicates - the members' agencies - it said Lloyd's should carry out a review of the underwriting agency system.

The working party has taken steps to see that the brokers' influence in the affairs of members' agencies is curtailed. If brokers are to remain in control of these agencies they should be strictly limited in the amount of membership they can produce for any one syndicate.

Lex, Page 14

Weak pound puts brake  
on chemical imports

BY CARLA RAPOPORT

HEAVY IMPORTS of bulk chemicals, which cut into the UK industry's market between 1979 and 1982, have slowed down recently because of the weakness of sterling.

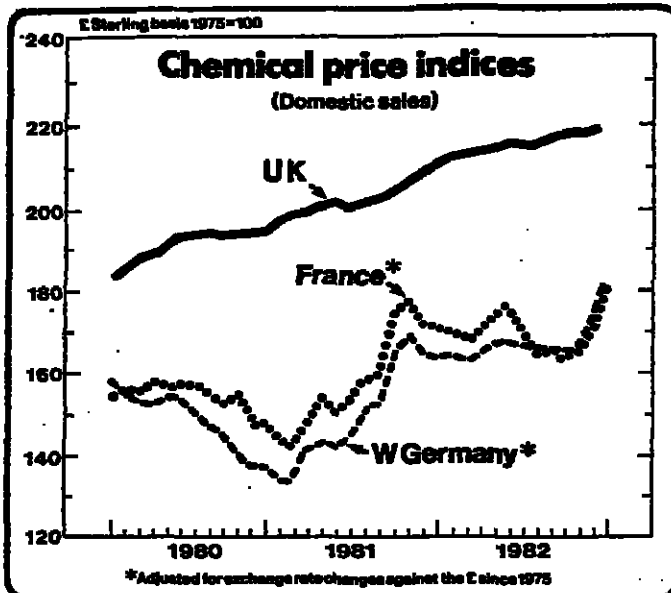
Statistics released by the Chemical Industry Association (CIA) show that import penetration in the inorganic chemical market grew from about 38 per cent in 1979 to nearly 50 per cent in the first nine months of 1982.

Imports of organic chemicals grew from less than 50 per cent to more than 80 per cent.

The main reason for these gains was the strength of the pound compared with other EEC currencies. The association says that the volume of chemical imports increased by 8 per cent last year, accounting for 39 per cent of the overall market in the UK for chemicals.

The recent fall in sterling has helped ease the pressure on the UK industry. The CIA reports that import volume over the three months from November to January has been almost flat.

However, the UK industry has managed to increase its exports. These show an overall 3.5 per cent increase in export volume last year.



As a result, the overall favourable balance of trade was maintained last year at £1.9bn despite the rise in imports. The balance of trade with the EEC showed an adverse balance of about £170m.

The CIA predicts that chemical

exports from the UK should increase overall as a result of the decline in world oil prices.

Over the past three months, export volume increased by 4.5 per cent in part due to the improved competitiveness of the UK industry.

## Civil Service union presses for strike

BY IVO DAWNEY, LABOUR STAFF

LEADERS of Britain's largest civil service union are to campaign for a rejection of the Government's 3.5 to 5.5 per cent pay offers and for an all-out strike, despite the recommendation of acceptance by union negotiators last week.

The decision came when the Civil and Public Services Association's left-dominated executive voted by an "overwhelming majority" to fight a settlement with rallies

across the country. These would be followed by a consultation exercise scheduled to end on May 6, the weekend before the CPSA's annual conference.

A statement released by the union said: "The National Executive Committee have decided to campaign for rejection because the settlement does nothing to improve the position of the low paid."

This militant stand is certain to

be greeted with scepticism in some quarters of the union, however. The timing of the action ensures that it will have little influence on the outcome of the union's elections which determine the political flavour of the leadership over the coming year.

Few civil service observers believe there is any likelihood of a majority backing for strike action of any kind.

Unions  
back plan  
to end

## Ford strike

THE MONTH-LONG strike at the Ford car plant at Halewood, Merseyside, which has cost the company almost £87m in lost production, is likely to be called off by the end of this week.

Union leaders are to recommend a return to work at mass meetings this week on the basis of a peace formula worked out at Acas, the conciliation service. This called for an independent inquiry into the cause of the stoppage - the dismissal of a worker for allegedly damaging an 80p bracket in a finished car.

Ford said yesterday that its Sierra model became Britain's best-selling car in March with an estimated 18.5 per cent of the market.

## Theft losses soar

INSURANCE companies operating in the UK last year paid out a record sum of £224.1m on theft losses, nearly 30 per cent higher than the previous year.

## Engineers strike

BRITISH TELECOM engineers yesterday began their campaign of selective industrial action in protest at the Government's plans to privatise the service. They withdrew staff at the Bank of England and in Whitehall.

## BBC lead increases

THE BBC has increased its lead over its rival TV-am in the market for breakfast television audiences. Figures published yesterday for the week to March 27 show that the average weekday audience for BBC breakfast television was 1.8m, an increase of 100,000 and a new audience peak. For the same period the TV-am audience stayed at 400,000, the same as the previous week.

Blow for defence cuts as  
warships are reprieved

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE BRITISH Government's plans to cut back the Royal Navy in an effort to control defence spending has received a further setback over the past few months as the costs of defending the Falklands have become clearer.

According to official figures, all but one of the 19 warships due for retirement from active service over the next two years have been reprieved and will be kept in the fleet, mostly for at least two extra years.

The 18 ships, nearly all frigates, are being kept partly as replacements for the four ships lost and several others which were damaged in the Falklands conflict last year.

But the effort of garrisoning the Falklands as well as meeting Britain's other naval obligations has meant that the fleet has had to be enlarged by the retention of many older vessels which were due for disposal or retirement into the standby squadron.

So serious has the situation become that the standby squadron, dedicated to Nato for use in a crisis, has been empty of ships for most of the last year.

The Ministry of Defence yesterday confirmed figures printed in its own Navy News, a monthly magazine for the fleet, which go further than those so far announced to Parliament.

Three "tribal class" frigates, built in the early 1960s and put up for sale by the MoD in 1980, are being brought back into service for another year. Six other frigates, announced to Parliament last November as being withdrawn into the standby squadron this year, are being reprieved for two years or more. So are nine other warships which were similarly due to be retired next year.

Only one of the 19 ships, the frigate Dido, is being withdrawn. It

has been sold to New Zealand for delivery on July 18. However, last summer New Zealand loaned Britain a frigate to make up numbers on the Oman patrol, an arrangement which is being continued this year.

In addition to its major Nato role in the east Atlantic, the Royal Navy has specific commitments in the Caribbean (mainly Belize) in the Mediterranean (including Gibraltar), in the Gulf and Hong Kong.

An additional implication of the present crisis is that it seems certain the Navy will fall very far short of the target reduction of 8,000 to 10,000 men by 1988.

However, the Ministry says that overall reductions in the Navy are on target. The 39 frigates and destroyers at present in service will fall to 35 by next April and around 50 in the mid 1990s.

Software  
group calls  
in receiver

By Jason Crip

ALTERGO, one of Britain's leading computer software companies, went into receivership yesterday.

Mr Ipe Jacob and Mr Maurice Withall of accountants Thornton Baker were appointed receivers of five Altergo companies by Barclays Bank at the request of the companies.

Altergo is the leading UK supplier of software for IBM computers and has a number of large contracts around the world. The company, founded in 1969, had a turnover of £2.7m in the year to April 1982. After rapid growth, Altergo ran into financial difficulties and had been trying to raise capital.

The receivers, who already have one offer for the company from a UK concern, are expected to talk to a US company which has declared an interest. Several other companies are believed to be interested in parts of the business.

Further boom  
predicted  
for North Sea

Financial Times Reporter

DEVELOPMENT plans for up to 17 North Sea oil and gas fields could be drawn up within the next two years, Mr Hamish Gray, Minister of State for Energy, said yesterday.

Predicting another North Sea boom, Mr Gray said he expected the first applications to come from Sun Oil (Balmoral Field), BP (South East Forties), Marathon (North Bray) and Shell (Tern and Eldor).

The upsurge in activity, which would produce another boom by the mid-1990s for platform yards and oil-related service industries, stemmed from the recent budget and oil tax concessions made by the Chancellor of the Exchequer, Mr Gray said in Scotland at the opening of an oilfield support base at Invergordon on the Cromarty Firth.

DCL seeks return  
of Red Label brand

BY GARETH GRIFFITHS

THE Distillers Company (DCL) is holding talks with the European Commission over the re-introduction of Johnnie Walker Red Label, the world's best selling whisky, into the UK market.

Johnnie Walker Red Label was withdrawn from the UK in December 1977 after the European Commission banned the dual pricing of Scotch whisky.

Rather than reduce its higher continental prices, DCL withdrew the brand from the UK. In July, 1980, the company lost its appeal to the European Court of Justice over the ban.

However, John Walker and Sons, the largest DCL whisky producing subsidiary, produced a notification of a new dual pricing policy in November 1980. This would allow it to re-introduce Red Label on the UK market at a lower price than on the Continent.

The Commission's trade practices directorate said last night it could be months before an agreement was reached. However, it appears the main details of the price fixing agreement have been reached, although both sides have declined to comment on the proposals.

Johnnie Walker Red Label, when it is re-introduced, is likely to find a

ready market and would compete strongly with brands such as The Famous Grouse. It would be sold as a premium product, probably at about £8 per bottle.

In 1981 Johnnie Walker Red Label sold some 7.4m cases and was the only brand in the world to be consistently strong in all major markets (except the UK).

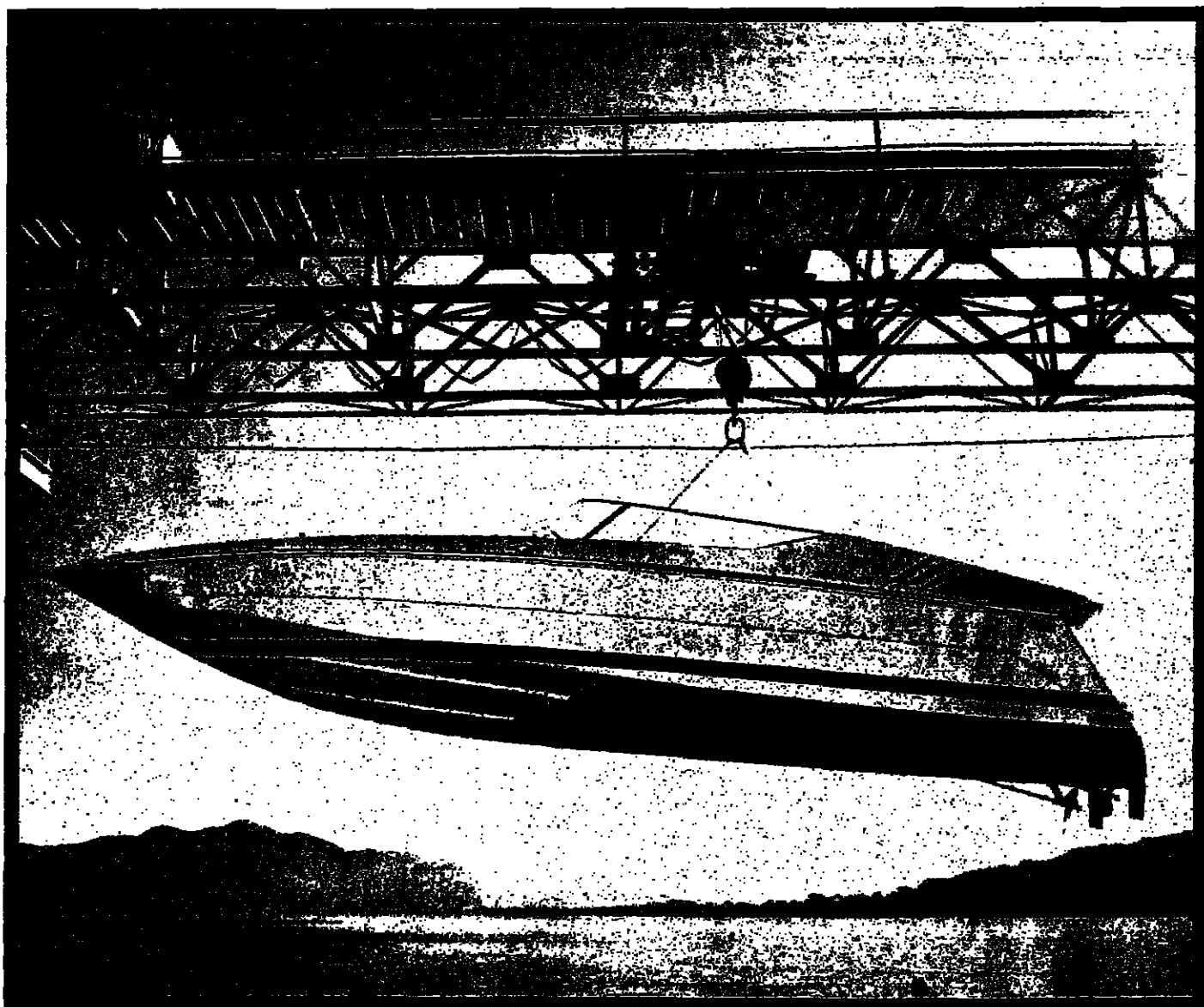
Before it was withdrawn, Johnnie Walker Red Label sold about 1.2m cases in the UK. It is not clear how much of that was drunk in the UK because a certain proportion was bought in the UK and shipped to the Continent for resale.

However, DCL's replacements for Johnnie Walker Red Label, Johnnie Walker Black Label, Johnnie Walker Blue Label, have not been a success.

Mr John Cater, chairman of DCL, is to retire in September. His successor will be Mr John Connell who runs the group's gin division.

The retirement had been expected, but what caused surprise yesterday was the appointment of a non-whisky man to head a company which accounts for some 40 per cent of the Scotch whisky industry.

Mr Connell has been responsible for turning the gin and vodka interests within DCL into one of the most profitable parts of the group.

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Wednesday April 6 1983

## Message from the shop floor

AGAINST the background of the present UK unemployment figures there is, at first sight, something incongruous in the latest outbreak of disputes in British industry.

Admittedly, it has always been wise to expect anything or nothing from the Hawke plant on Merseyside; and in the nature of things the National Union of Seamen's grievance over the command-eering of HMS Keren by the Royal Navy, where the crew's pay dispute has now gone to the Advisory, Conciliation and Arbitration Service (Acas), could hardly have been predicted.

At BL's Crowsley plant, however, the fracas over the proposed abolition of the traditional three-minute washing-up time shows every sign of having taken management by surprise. As for the British Steel Corporation workers in Rotherham who are striking over redundancies, they have been—put it bluntly—a little slow on the uptake.

The wider industrial relations picture, too, has been quiet of late. A high pay settlement for the waterworkers did not establish the kind of precedent for other public-sector employees that the Government might have feared. And the miners' ballot last month produced another rebuff for the militant Mr Arthur Scargill, the British have emerged without undue discontent from their winter. Is there any reason to believe that spring will be unseasonably miserable?

## Recession

It would be surprising if it were, for the present set of troubles shows no uniform pattern. At British Steel the traditionally moderate Iron and Steel Trades Confederation is weak and the resistance to redundancies, which is spreading through BSC's South Yorkshire plants, is not supported by any improvement in the market for steel. It is hard to believe that strike action will win a genuine reprieve for the workers. Nor is the National Union of Seamen able to embark on convincingly militant action when its industry is in the throes of deep recession and financial crisis.

By contrast, the workers at Crowsley and Hawkewood enjoy genuine advantages. The motor industry is already a major beneficiary of growing economic recovery. And the two plants in

question both produce highly successful models—the Escort and the Maestro—which confer economic leverage on the workforce. In the motor industry shop stewards have always taken the opportunity presented by management's desire for maximum production during the upturn to press every available claim.

The disputes nonetheless give pause for thought, particularly at BL where management has made giant strides in reducing manning levels, introducing flexibility into work practices, raising productivity and, above all, curtailing the power of the shop stewards. These steps have made BL's survival look much less implausible than it did. But if they have been won at the cost of intense frustration on the shop floor, the pursuit of further productivity gains—which are essential if BL is to capture a worthwhile share of foreign markets—will be a bruising experience; and the full opportunity presented by the devaluation of sterling, more realistic wage settlements and lower oil prices will not be grasped.

## Unemployment

BL, however, is only to a very limited degree a proxy for the whole economy. In the rest of the private sector, and to an increasing extent in the public sector, the cloud cast by the unemployment figures will almost certainly militate against moderate pay settlements and guarantee a less strike-prone economic upturn than has been common in previous post-war cycles. There is, moreover, the hope that some of the traditional increase in productivity that stems from increased demand will be passed on to consumers, so helping to restrain inflationary pressures.

The workers at Crowsley have posed the less raised an indelible question for the Government about the durability of gains won through an exceptional increase in the jobless total. So, too, has the management of Baxi, the privately owned heating concern which announced last week that it was to devolve ownership on to the workers. A confrontational approach to management has undoubtedly worked in the short term. But it is as well that other, more participatory approaches, have not been totally abandoned.

## Central American role for the UN

AS THE toll of dead and wounded mounts in Nicaragua, El Salvador and Guatemala, Central America is consolidating its tragic position as a disaster area. In Nicaragua, the left wing Sandinista government is spending money and effort which could be better used in the more serious problems, than on beating back an invasion from over its northern border with Honduras. The Sandinistas claim that the invaders are the last remnants of the National Guard of the late dictator General Anastasio Somoza and that they have received powerful backing from the U.S.

Washington has demonstrated many times since the Sandinistas came to power in 1979, that it regards them as irredeemably hostile opponents whose rule in Nicaragua should be terminated as soon as possible. The Sandinistas for their part have done little to improve their relations with the U.S. and its allies. They have seriously jeopardised the good faith they at first acquired in the West, through imaginative policies on literacy and social welfare, by resorting to Leninist rhetoric and pro-Soviet pronouncements.

Next door in El Salvador the killing has reached fearsome proportions, with 40,000 deaths reported over the past three years. There, a left-wing guerrilla movement is struggling to overthrow a weak government of the right which is supported and armed by the U.S. There is no indication that the average Salvadorean would embrace the Marxist-Leninism of many of the guerrillas if he were given a free choice. But he clearly goes in fear of the government's troops, whose record of atrocity is horrifying.

## Refuge

To the north in Guatemala a military regime which seized power just over a year ago sent many thousands of peasants into refuge over the border in Mexico. There people, too, have had enough of being terrorised by troops who use the excuse that they are fighting left-wing subversion. No real start has yet been made to any serious process of bringing peace and stability to the region. The Reagan administration in Washington preaches the need for social

change in Central America. But some of the governments in the region to which the U.S. is giving support show no signs of wanting to implement such policies. Instead, Washington finds itself backing regimes, some of which are committed to rolling back social programmes. The left wing alternatives, for their part have often behaved with irresponsibility by invoking the military and financial aid of Cuba and the Soviet Union.

In such a gloomy context the suggestion by Sir John Thompson, Britain's permanent representative at the UN, as he chaired the debate in the Security Council last week on the situation in Nicaragua, is a hopeful one and the favourable reception it received from the U.S. and European governments is promising. Sir John wants Sir Javier Perez de Cuellar, the UN Secretary-General, to take this initiative in convening the regional powers to discuss the Central American case.

## Hostile

The British Government feels that if the UN were successful in easing tensions in Nicaragua it could then turn its attention to El Salvador and might eventually play a role in helping to safeguard the frontiers of Belize.

The UN is the only international body which is likely to pour any oil on the troubled waters of Central America. Washington has in the past been hostile to any substantial role for the UN in the western hemisphere. The U.S. has favoured the Organization of American States as a vehicle for international initiatives in Latin America. The OAS, however, is going through a deep internal crisis, as its own senior officials are the first to recognise. In any case the great influence that the U.S. wields in the OAS makes the organisation suspect in the eyes of many Central Americans. At the same time the situation in Central America is now so grave that the U.S. is revising its attitude towards the suitability of the UN.

The idea that the UN Secretary-General should use his influence to try to end the war in Nicaragua represents the best chance yet of starting to end the fighting in a tormented region.

SANDWICHED between the Frankfurt office of the Deutsche Gewerkschaftsbund—the West German Union confederation—and the headquarters of Industriegewerkschaft Metall, its biggest affiliate, is a small bookshop whose windows display—in common with many—marks the 50th anniversary of Hitler's assumption of power. A banner across the top of the window reads "Nie wieder Faschismus" (Fascism—never again).

On the 13th floor of the IG Metall building, Eugen Loderer, the union president, invokes the anniversary in a tirade against the employers "Are they so stupid that they have forgotten the past? Have they forgotten how unemployment in 1933 led to the end of democracy?"

Herr Loderer, 13-years-old when Hitler assumed the chancellorship, is head of the biggest and most powerful union in the West. Foreign Governments anxiously woo his continued attachment to free trade. Successive German governments take care to put him first on the drop-in list when they assume office. As president of the International Metal Workers he acts as an Ambassador for independent unionism round the developing world. Yet faced with spiralling unemployment, he fears in his bones social collapse and totalitarianism.

When he was 14, Hitler's storm troopers closed down the powerful, wealthy German unions, jailed most of the leaders, and replaced them with a Nazi controlled Labour front. Herr Loderer's generation of union leaders—just nearing retirement age—have memories of Hitlerism, its causes and its aftermath in their every reflex. Much about the contemporary German labour movement is explicable by reference to that fact.

From it flows two major questions which the German union leaders pose continually. First, will the generation filling their jobs have the same careful attachment to the virtues of compromise, consensus and moderation? Secondly, will Germany's recession, rapidly rising unemployment and the mounting problems in steel, shipbuilding, construction and electricals permit the unions to maintain their implicit support for the "social market"—the mixed economy plus welfare—on which the social parts are delivering so little, the market demands only sacrifices from their members and the underlying element upon which the structure is based—growth—has faltered.

West Germany's social consensus has been built on steadily rising consumption, but over the past two years the most unions have settled for wage rises which lag behind inflation. This year will be the same: IG Metall, the pace-setter, has settled for 3.2 per cent—it claimed 6.5 per cent—without industrial disruption. The 680,000 chemical workers also took 3.2 per cent over 14

This enforced moderation has bred some tensions in the

## The leader of the West's biggest union

HERR EUGEN LODERER (right), the President of IG Metall, is the son of a metal worker, and was a metal worker himself until military service from 1946-48. He rose up after the war through local and regional posts in IG Metall and the DGB union confederation (with a spell as SPD party President in Baden-Württemberg in 1960) to be elected deputy President of IG Metall in 1968, taking the top job in June 1972.

He says of his 11-year leadership that "only the first year was easy, after that it was a hard fight" as oil shocks drove the way to world recession. He has kept his union—2.7m members the biggest free trade union in the world—at the head of the wages league and on the left of the SPD and the bulk of the other unions, though Herr Loderer is now thought of as right-winger in IG Metall's ranks.

Under his leadership the union has rejected capital sharing schemes, pushed for a widening of co-determination and—at least before unemployment rose sharply—used industrial action or the threat of it to raise pay settlements.

His retirement later this year is unlikely to produce a bitter succession struggle, though it may mean a significant shift to the left.

highly centralised wage bargaining system. IG Metall's significant left wing has been pushing for more plant level negotiating power, so far without success. Dr Albert Schunk, a close aide to Herr Loderer, believes the membership understands the inevitability of low pay rises but says "the intermediate levels of the union resent it, partly for ideological reasons and partly because they fear the membership will start to ask what they're there for."

West German unions have taken part in some bitter regional and national strikes over the past decades, the more prolonged because the wealthy German unions pay generous strike benefits. The unions have in recent years, adopted a series of "wildcat" strikes where members in plants take two to three hour actions in rotation, in order to put pressure on employers during negotiations. Strikes are illegal until negotiations break down and the employers have so far unsuccessfully—challenged the tactic in the courts.

Militant action is unlikely this year, in part because of unemployment, and fears of making it worse, in part because of the more immediate and humiliating matter of Neue

Heimat. This, the unions' own housing and management company was established as provider of low cost working class housing; the scandal which broke over it last year saw that image changed to one of a company with diverse investments providing an umbrella for private gains by its top executives and (quite legal) tax free shelters for union leaders.

The company chairman Albert Vietor resigned a year ago, with two of his senior colleagues. The supervisory board—which included Herr Loderer and Heinz Oskar Vetter, the then head of the DGB, West Germany's trade union confederation, both of whom had made tax free investments—admitted negligence and launched a financial aid plan for the ailing company. The after effects include a shoal of letters from members resigning their cards, a widespread public reaction against men who had always been seen to be above scandal and the failure of Alois Pfeiffer, Herr Vetter's deputy, to gain sufficient support to succeed him, as expected, at the DGB because of his involvement with Neue Heimat. Instead, Ernst Breit, the former postal workers' leader, took over at a congress last May which revealed con-



Springer

## W. GERMAN UNIONS AND RECESSION

## The strains begin to show

By John Lloyd, Labour Editor

tional link with the Christian Democrats through the presence on their executive of CDU members. The social and labour doctrines of the Catholic church, powerfully restated in recent years by a number of influential theologians, are taken seriously by unions and their members in what is a heavily Catholic country.

Norbert Blum, the West German Labour Minister, is a product of this "Social Christian" tendency; a former metalworker, he was a long serving director of the CDU's Labour Institute after editing its journal, Soziale Ordnung. The institute's ideology is against class struggle, but for the dignity of the worker, against the materialism both of Marxism and capitalism. While it does, of course, compromise in practice with the free market, it also encourages militant wage bargaining, curbs on employers' activities and profits, and strong, independent unions—a radical difference from British conservatism.

Herr Blum's policies are likely to reflect this line of thought, though it is a mark of the consensual nature of West German politics that these ideas have been around in various forms for years.

Nowhere is the influence of Christian Democratic thought and its relative independence from the employers' interest more evident than in the party's continued strong support for co-determination, the most distinctive German of post war industrial relations systems. Under a law of 1976 unions have 50-50 representation with employers on large company boards—the employers retaining a slim majority by customarily providing a chairman who has two votes. At works council level employees get a big say in plant running and work practices.

The employers fought the 1976 law bitterly through to the Constitutional Court, claiming it contravened the right of owners to dispose of private property. The Court's 1979 judgment was that the law did not breach the constitution but that it should not be extended. Strict 50-50 parity—as has existed for 30 years in the steel and coal industries—thus appears to be ruled out.

Today, the employers feel their stance was justified. "The experience has not been positive," says Dr Wisskirchen, deputy director of the legal department of the BDA, the major employers' association. "Decisions are postponed or delayed. Management thinks in terms of what it is possible or not possible to get through the board, not what is economically best for the company."

Yet when asked if they expect a CDU Government to repeal or change the law, the employers smile and shake their heads. "What we would like and what is possible are two different matters," says Werner Low, deputy head of the BDA's international section. Dr Tegtmeyer at the Labour Ministry confirms this view: "It won't change. The CDU is committed to it and believes it works well."

Yet redundancy programmes, including those at AEG, have been pushed through West Ger-

man industry at a speed which has helped make the country's unemployment rate the fastest rising in Western Europe in recent months. When corporate profits began tumbling last year, union leaders started to argue for a strategy which laid less emphasis on wage increases and more on a further widening of industrial democracy. Last October, Rolf Rodenstock, the new President of the BDA, praised the unions for their recognition that company profits must rise.

Dr Schunk of IG Metall says that "ideology is one thing; in practice managers work with the system. I am on several company boards and I have never known other than a unanimous decision."

At international business conferences, he says, German managers defend or are neutral about the system. "It's the young British managers who are often fiercely against such ideas. I would say they are quite funny." However, industry observers say resistance among employers has become more vocal recently. Certainly increasing pressure on margins and sales have highlighted the system's weak points.

A weathervane of the unions' centrism is their relationship with the SPD, now in opposition: traditionally it has been friendly but at arms length. German unions have no formal or financial links with the SPD though the DGB leadership normally endorses it at elections—as it did last month—and most leaders are members. The relationship between former Chancellor Helmut Schmidt and leaders like Herr Vetter and Herr Loderer was close and friendly. Hans-Jochen Vogel, the SPD's new leader, still has to build solid relations.

There are those on the union's left who hanker after stronger links with the party, and are encouraged by its swings leftwards when in opposition. Few see the arms-length relationship changing radically, unless rank and file union frustration over low pay settlements, job losses and imports linked up with SPD leftism on nuclear weapons and other issues, and set up pressures on the leadership of the SPD and the union which they felt obliged to accommodate.

The German unions' appearance of calm power has been disturbed by the recession, by unemployment, by the Neue Heimat scandal, and by a Government change. The belief of their leaders, shared in large part by Government and employers, is that they have been able to contain these pressures and will continue to do so without dislocating the balance of the system.

The outside observer is made keenly aware of the huge vested interest all three social partners have in such a balance, and in the memories lying just below the smooth surface. "Nie Wieder Faschismus" is still a powerful antidote to extremists but may be decreasingly effective as Herr Loderer's generation retires.

This is the third in a series on the labour movement in leading industrial countries. The first, on the U.S., was published on February 27. The second, on Italy, appeared on March 7.

## Men &amp; Matters

## Partners' choice

Brandon Gough, aged 45, has become senior partner and chief executive in Britain of accountants Coopers and Lybrand, where he will run a business with a fee income now topping £55m a year.

Simultaneously the firm is reshaping itself to take account of growth by admitting 16 new accountancy partners plus six new directors in its management committee.

The new appointments indicate the way the balance of business inside Coopers and Lybrand is changing. Auditing now accounts for less than half of the firm's business, while management consultancy, taxation, and insolvency cases are all fast expanding sectors.

Gough, a youthful appointment by traditional accountancy standards, is now firmly on course to have a year as head of the Coopers and Lybrand international firm, the biggest accountants in the world, in terms of its 30,000 staff level, and running neck-and-neck to be the biggest in fee income with around \$1bn a year.

He tells me his turn as chairman of the international group will come in 1985. Clearly accountants are not given to making hasty decisions when it comes to appointing top men. Gough was actually chosen as the future head of the British firm a full year ago by an electoral college of the British partners.

Although he has been with the firm for 19 years he is an unusual and interesting choice for the partners who passed over a number of more senior in terms of years of service—men in his favour.

Gough sees the decision as "to do with the pace of change" and "the computer developments which are taking place

in our business. We are living on the back of information these days and are beefing up our computer resources accordingly."

His father worked in the Bank of England and he set his sights on becoming an engineer. But after reading natural sciences and law at Cambridge he went into the City and became a chartered accountant.

He is fond of travel, which is lucky for him because within the next month he expects to find himself in Athens, Stockholm, the U.S., Australia, Hong Kong, Malaysia, and Singapore.

## Midland style

Taped music, neon lights, and mirrors on the ceiling are not the usual accoutrements of a provincial bank branch. But these are just some of the fixtures and fittings inside Midland Bank's newly refurbished Leamington Spa branch, where the bank is making its first experiment in open-plan banking.

At the cost of around £175,000 the old branch has been gutted and redecorated so that 75 per cent of the floor space is open to the public rather than the traditional 15 per cent.

The aim is to attract the great unbanked by making the branch into a financial supermarket. Bank tellers are kitted out in grey and maroon. There are four Speedcash units which are free-standing cashier positions with no security screens. The eagle eye of the overhead camera and the strict amount of cash that can be dispensed ensure that the bank is happy with security.

The bank manager is no longer behind closed doors. He is to be found at the fourth floor on the left on the first floor. Also upstairs there is



"Why don't we send Frost to cover the Security Express robbery—there's a reward of £4 million"

what is described as a small counselling area and for those who hanker for the closed confines of yesteryear, an interview room.

Midland stresses that at this stage there are no plans to pull down the grille separating teller from customer all around the country. However, open plan areas have been popular for several years in U.S. banks. It looks as if Britain too will be letting its bank managers out of the cupboard quite quickly.

## Ringing changes

Be sure the recession is taking its toll... even among bell-founders.

At the Whitechapel Bell foundry in London's East End, where they have been casting bells for many a sad toll and

merry peal ever since 1420, only two of the staff are not actually working on the moulding and casting of bells. Output has fallen away to little more than one bell a week.

"Yes, we are in a crisis" says Alan Hughes, a director whose family has been managing the company for the last 99 years. "Three European foundries have gone out of business and orders for bells have fallen generally by at least half."

The bell founders' problem is being exacerbated, meanwhile, by the entry of clergy with their desire to have an old bell welded to keep it going—citing the interests of conservation and economy—rather than have it recast at either Whitechapel or Britain's other bell foundry, John Taylor of Loughborough.

The Whitechapel foundry is looking to exports as its best chance of reviving church bell sales—a typical bell weighing up to half a tonne costs around £3,000.

As the foundry that cast the original Liberty Bell in 1752 Hughes feels that the foundry's reputation in the American market has stood the test of time. Agreed that the Liberty Bell was cracked—but that happened aboard ship during a bad crossing of the North Atlantic.

## Light relief

An Andorran farmer driving home his horse and cart picked up an old man carrying a heavy suitcase. The old man set down beside the farmer, holding the suitcase on his knees.

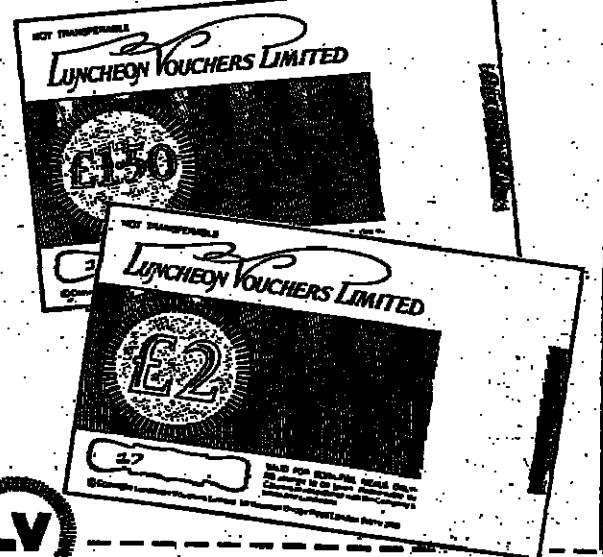
"Why don't you put your case down?" the farmer asked. "It's very good of you to give me a lift," the old man replied. "But I don't want to make the horse's load any heavier."

Observer

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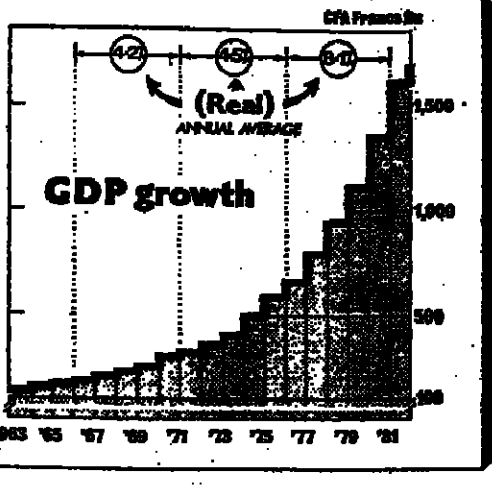
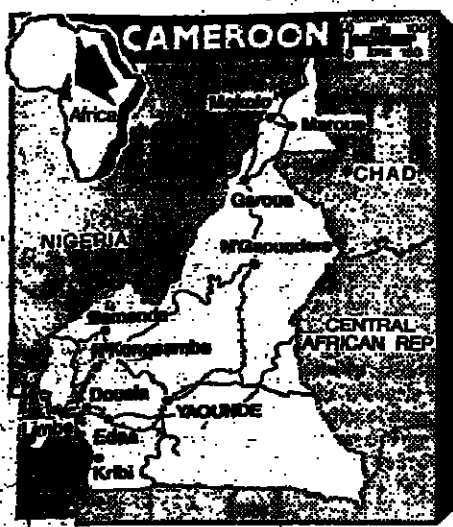
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## THE CAMEROON ECONOMY

## The tortoise forges ahead

By Quentin Peel, Africa Editor



Banco Redoviti

THE FAVOURITE tale they like to tell in Cameroon these days is the old Aesop fable of the tortoise and the hare, adapted slightly for local conditions.

In this version, Cameroon is the tortoise plodding slowly but steadily along the path of economic development. The hare is all the other West African states which took off at a great pace in the heady early days of independence in the 1960s, only to collapse in the past decade, exhausted by the burden of ill-conceived projects and excessive external debts.

The race is certainly not yet over, but there is more than a grain of truth in the comparison. Cameroon has never hit the headlines in the way that Ghana did under President Nkrumah; it has never offered the boom times of its immediate neighbour, Nigeria; nor has it even sought to compete with the growth rates of Gabon or Ivory Coast.

But today, Cameroon ranks higher in the credit ratings than any of these states. Its success stories, and still manages to attract a steady stream of bankers and traders seeking to do business.

It is the only West African state to boast a virtual self-sufficiency in food supplies. It is a net energy exporter thanks both to oil and plentiful sources of hydro-electricity. Its current external debt is a relatively modest \$2.5bn, with a debt-service ratio of around 12 per cent. It has overtaken Ivory Coast as France's largest market in its former Africa colonies; it is one of the top 20 countries boasting a hefty trade surplus with the U.S.; and it keeps a deliberately low profile in spite of its good financial reputation.

At the same time, Cameroon last November underwent a peaceful transition from the iron rule of President Ahmadou Ahidjo, head of state since 1960, to the present regime of President Biya, the former Prime Minister, with no more than a few grumbles, and no sign of a military coup.

It is a stark contrast to the turbulent times in other African states, such as its chronically unstable neighbours, to the north and east, Chad and the Central African Republic.

The obvious question is

whether the example of Cameroon is relevant to other African states as they try to find a way out of their economic problems.

The country does not provide obvious answers to a success story. It is Africa in microcosm, displaying virtually all the divisions of tribe, language, religion and colonial heritage which plague the continent.

There are an estimated 200 different tribes and dialects in a population of only 9m (one tenth the size of Nigeria); the split colonial rule of France (in the east) and Britain (in the west) has left both French and English as official languages of government; and the geographical division between arid north and fertile south is reinforced by religious rivalry between mainly Moslem northerners and Christians from the south.

President Ahidjo, a northern Moslem from Garoua, came to power as the French-backed "moderate" against the nationalist Union des Populations du Cameroun (UPC), which was driven underground to wage bloody guerrilla war. As a result, the first 15 years of independence were spent in pursuit of unification and political control rather than economic development.

He succeeded in imposing his vision of unity under a one-party state partly because of the very diversity of the population, partly thanks to a combination of political shrewdness and ruthlessness, and partly

because he successfully stole the national election of the UPC for his own Union Nationale Camerounais (UNC). Since then, his own characteristics of caution, conservatism and self-discipline have dictated not only the political direction but the economic policy of the country.

On the one hand, government spending has always been kept rigidly in line with revenues, and borrowing kept to a minimum; on the other, President Ahidjo insisted that agriculture should remain the mainstay of the economy—both to provide food and cash crops for export. Most importantly, he has maintained these strict tenets even after the discovery of offshore oil more than 10 years ago.

"The Government did everything possible to avoid an oil mentality like you have in Gabon or Nigeria, where people simply abandoned their farms and flocked to the towns," according to one admiring Cameroonian banker. "So the effect of oil revenues was not felt suddenly."

Indeed, Government interventionism about oil observance. According to one—no doubt apocryphal—story current in Douala, President Biya was first shown the oil books of the state-owned Societe Nationale des Hydrocarbures (SNH) only after he had been sworn into office. Oil exports are excluded from official trade statistics, only a small fraction of the full tax receipts are included in the budget, and the oil

producing companies—Elf of France and Pecten, Shell's U.S. subsidiary—are sworn to secrecy.

The irony is that the secrecy has ultimately caused more exaggeration about the level of the country's oil reserves and revenues than understatement. Cameroon is a very modest oil producer and will remain so; but in relation to its own economy, the windfall of being able to supply its own oil needs and export a surplus is obviously critical. It is not a member of Opec, and has had no apparent problem selling its crude at market-related prices.

Oil production from Elf's Rio del Rey offshore field, hard by the demarcation line with Nigeria, began in 1977, and built up steadily to some 110,000 barrels a day last year. Pecten began production in its own right in 1981, and Total and Mobil will start a joint operation in April, pushing combined output to some 150,000 b/d in 1983.

However, oilmen believe that the largest finds have already been made, and most of the oil is in small pockets, so they do not expect total production to exceed 170,000 b/d at its peak around 1985.

Oil has been a cushion for Cameroon against the effects of world recession, coming on stream just when the prices of its major agricultural exports—cocoa, coffee, cotton, rubber and timber—started to decline. Oil exports last year accounted for more than 50 per cent of

foreign exchange earnings. The Ahidjo strategy, now being pursued by President Biya with apparently equal dedication, has been to push those oil revenues back into the rural sector. On the one hand, the Government has maintained the real level of producer prices of the traditional export crops, in spite of the low international market price; and on the other, investment in rural infrastructure, such as electrification schemes, water supply and rural roads, has been given top priority.

Almost a quarter of the total CFA francs 2,300bn (£4.3bn) spending under the 1981-86 five-year plan—CFA francs 545bn (\$1bn)—is earmarked for rural production, with a further 21 per cent to be spent on infrastructure.

The emphasis on agriculture is certainly popular with Western aid donors like the World Bank and European Development Fund, and has prevented the disastrous slump in production which has affected such countries as Nigeria. There have been notable successes in promoting new crops, including rice and cotton (both with heavy French technical assistance), although wheat growing has been a failure.

There are, nevertheless, signs of an accelerating urban drift which could yet undermine the strategy. According to the official statistics, the urban growth rate is now 7.5 per cent, against an overall population growth rate of 2.7 per cent.

Labour shortages are being felt both by the smallholders who dominate coffee and cocoa production, and by the big sugar estates, which are forced to recruit labour from neighbouring countries Chad and Congo. Cameroon's economic development is fairly finely balanced: oil has brought the country breathing space; a respite from the full force of the international recession, but it has not removed the same pressures of population growth and regional rivalries suffered by other African states.

"There is enormous potential, with both natural gas and hydro-electricity still to be exploited. But there are very difficult regional pressures and a tense social situation," according to one leading foreign businessman. "A lot will depend on the strength of the new President. But on balance it must be a good bet."

## The Oil Market

## A chance of stability, but the doubts remain

By Richard Johns, Energy Correspondent

THE North Sea price proposals finally made by the British National Oil Corporation last week have given some hope—but no certainty whatsoever—that the international oil market can be stabilised.

The oil industry had been waiting with bated breath for BNOC to suggest new prices for UK crude in the wake of the remarkable mid-March meeting of the Organisation of Petroleum Exporting Countries, which agreed on price cuts and new production levels.

Opec member Nigeria had promised to match any UK reduction below \$30 a barrel "cent for cent"—thus arousing the spectre of a rapid downward price spiral.

In the event, the \$30 a barrel recommended as the new North Sea reference price is generally considered compatible with Opec's structure. Nigeria's cautious response at the weekend was to agree to co-exist with the rates proposed.

But there is still a long way to go before equilibrium can be assured. Firstly, BNOC's proposals have yet to be accepted by both sellers and buyers of North Sea crude, whose interests are not necessarily similar. The indications yesterday were that the UK industry as a whole would agree by the end of the week to the BNOC compromise. The \$30 a barrel reference price may be less than the smaller suppliers want and more than the major customers consider justified. But the industry as a whole—fearing a price collapse—knows that it has as much interest as Opec and the British Government in stability.

BNOC's rates have been calculated to accommodate the Opec price structure—based on a reference of \$29 per barrel for Arabian Light—and with an eye to the desperate financial requirements of Nigeria, the North Sea's main competitor. But BNOC's solution has evidently involved some contrivance and collusion.

have accepted a sacrifice in the cause of market stability.

Acceptance of BNOC's recommendations would help give Opec's price and production-sharing agreement a reasonable chance of holding. But its survival depends fundamentally on the oil market's views as to whether members have the discipline to observe their production quotas and refrain from discounting below their official selling prices.

The belief that they can do neither in the face of continuing weak demand explains the failure of spot prices to revive since conclusion of the Opec pact three weeks ago.

Nigerian production and pricing policy remains the critical element in Opec's credibility. After accepting a \$5 per barrel cut, President Shagari's Government—in the highly charged atmosphere of an election year—will be looking for an output of light crude close to its Opec allocation of 1.2m b/d to meet its minimum revenue and foreign exchange requirements.

But analysts have grave doubts as to whether the market can absorb anything like the 6m b/d of premium light crudes it faces—the current North Sea production of 3m b/d (including Norway) and 3m b/d which Opec produces in Nigeria, Libya and Algeria—have been allocated under the production sharing agreement.

At a time of stagnant demand the prices set for crudes of all five producers—especially Algeria and Libya which are at \$30.50 a barrel—look too high.

The reason is that the oil industry now has more refinery plant available to upgrade

cheaper heavier oils. Despite Opec's new collective resolve to maintain prices at their current levels there are other points of potential weakness, not the least being the attitudes of Libya and Iran.

Iran is evidently committed to observing its output quota of 2.4m b/d and, in line with the Opec agreement, has set only a modest discount of \$1.20 a barrel on its oil to take account of higher insurance and shipping charges as a result of its war with Iraq. But the Japanese traders say that it is insufficient.

Libya has refused to give its partners in production operations a discount but is continuing several "processing" agreements with customers under which the price of crude is geared to the prices obtained by refineries. But under financial pressure it is likely to cut prices.

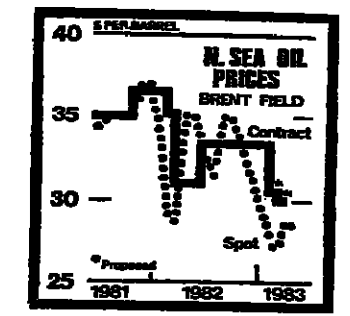
Kuwait is understood to be selling refined products—the bulk of its exports—at an effective discount. With no immediate prospect of improved demand for Opec oil, the danger of a steady erosion of prices by disguised discounts must remain.

Opec's attention has been focused squarely on BNOC but the 600,000 b/d or so of UK exports constitute a much smaller threat than over 1.5m b/d of Soviet oil—1m b/d of it being sold on the spot market at little over \$27 a barrel.

The volume flooding the oil market will mean that Opec can expect a collective output over the second quarter no greater than the 16.5m b/d recorded in the first quarter. Achievement of even that level will only be possible if the rate of international stock drawn down is drastically reduced from the 4.5m b/d witnessed over the past three months.

With overall oil consumption for the year now forecast at 2 per cent less than 1982, the International Energy Agency does not foresee any significant recovery of demand until the last quarter.

Despite BNOC's alignment with Opec, prices seem likely to remain in the balance for many weeks to come as a sceptical market waits to see if there is a decisive crack in the structure.



## Letters to the Editor

## A measure of the possible transformation of ICI

From Dr A. Scotney

Sir—The third of my ICI Annual Report and the account by Ray Daker (March 29) of the Chairman's annual apologetics in the ICI Magazine tell me that it is that time of year again. Once more Mr Harvey-Jones has to don his hair shirt and make excuses for the performance of the petrochemicals, plastics and fibres (p. 1 and 2) divisions of the curate's egg which is ICI.

Taking the performance of these sectors of ICI as a whole, insofar as numerous "boundary changes" make this possible, the last five years have seen trading profits of \$20m and \$170m in 1978 and 1979, and trading losses of \$165m, \$90m and \$164m in 1980, 81 and 82 respectively. In the year just ended, the historical cost trading profit of the group was \$256m, and without the losses just mentioned would have been \$530m, roughly comparable with the figure for the healthy "core" of ICI of \$550m which Mr Harvey-Jones quotes.

Any analyst would, however, immediately point out that this kind of calculation ignores the true extent of the damage done to the company by the p, p, and f divisions. Only ICI knows the amount of working

capital tied up in these huge loss-makers, and the amount of senior management time being sucked in the continuing re-fighting operation rather than generating income in profitable areas. To make a rough guess: the total sales of these divisions were \$2,374m, that is, about 32 per cent of total group sales (including oil) of \$7,365m. If the third of the company's assets—which are generating huge losses could be deployed in the same way as the two-thirds which are generating profits of \$550m, then historical cost trading profits of \$800m are clearly possible even if the depressed prices of last year persisted. Assuming incidental income, interest and financing charges roughly unchanged at the p and f account values, the group pre-tax profit would stand at about \$700m instead of \$256m. That is the real measure of the transformation possible.

To reach this state, ICI would have to dispose of or close these loss-making sectors: lock, stock and barrel, and, frankly after the last three years' experience, and with more of the same to come this year, that is precisely what they should do. All the signs are, however, that ICI management will continue to tinker with the problem, as in

the BP "swap" of polyethylene and pvc capacity, in the hope that the *deus ex machina* of a booming economy will drag p, p and f back into profit. And when the pace of economic expansion again slackens...?

The forthcoming AGM gives the institutional investors in ICI a real chance to exercise their proprietorial rights. They should multiply over that pre-tax figure of \$700m, which would point to a p/e ratio of about six at the present share price. With p/e ratios for much of the healthy part of the chemicals sector in the middle or high teens, and the certainty of dividend hikes to keep things moving, they should press Mr Harvey-Jones like a Sunday suit to ensure that really effective and drastic action is taken. They can summon to their aid the similar situation existing at Pisons, before the so-called "core" agricultural business was booted out; the transformation in that company's performance far outweighs the simple benefit of less-climbing exactly the reasons I detailed earlier. With regard to its p, p and f divisions, the time has come for ICI to emulate the lilies of the field...

Alan Scotney  
Chemistry Department,  
The University, Glasgow.

## The right way to recovery

From Mr T. T. Lamb

Sir—It is generally agreed that the world recession has been brought about by too dramatic increases in the price of crude oil. So could recovery follow a somewhat dramatic decrease in the price of this fuel?

Perhaps it can. Low interest rates, stable currencies and wisely directed taxation can surely result in lower prices for refined liquid fuels. Competition can also reduce prices for gaseous and solid fuels. These reductions, together with improved maintenance and development of new methods, can yield stable prices for heat and power, electricity, water, all kinds of transport and communications.

Together, all these play an important part in every stage of production of all other goods and can go a long way to stabilising their prices to every end-user. Thus, recovery can become self-stoking.

But governments can impose crippling taxation, owners can be bled and wisely directed taxation can go on strike. However, they themselves are also among all users who can choose what and how much they use. Even captive users can simply fade away.

So it seems common sense for owners, management and labour to unite together to sell to the users the right jobs, for the right price, at the right time. Disputes can be settled by a new independent Service of Arbitrators, Contractors and, as a final sanction, Arbitrators. They would work to strict but generous time-tables, against clear lists of items remaining in dispute. Members of this Service would be pledged to safeguard the fair interests of the users. A short, agreed list of Arbitrators would be reviewed annually by each enterprise.

Much of this has been said and written many times already. But most people surely agree that this is the right sort of way to solve our problems. Then why go the wrong way? T. T. Lamb,  
143a, Ashley Gardens,  
Thirley Road, SW1.

Daylight saving times  
From R. L. Smith  
Sir—Surely Mr Fielding's proposal (March 29) is simply a case of six of one or seven of the other.  
R. L. Smith,  
5 Nursery Avenue,  
Aldridge, Staffs.

## Confusions over MIRAS scheme

From N. P. Newton

Sir—The numerous articles in the Press, plus an edition of "The Money Programme" on TV and "Money Box" on radio, which were devoted to the advantages of an endowment mortgage compared with a repayment mortgage under the new MIRAS scheme, prompted me to investigate the advantages of such a change.

Having assumed myself that it would benefit me to change to an endowment mortgage, I applied in January to my building society and my insurance company. I arranged for my existing policies to be cancelled on April 5, and to be replaced by the endowment-linked policies. However, it now appears that due to endless confusion between building society and solicitors, my endowment-linked mortgage will not have come into effect by the time MIRAS is introduced. Is it possible that the building society would have acted differently had I been using their nominated commission-paying insurance company?

My point is that in none of the aforementioned articles (including those in FT and

Sunday Times) nor programmes, was a "Dead Weight Transfer" mentioned. My building society's solicitors are now stalling me with this and attempting to charge for this service. It seems that, though reluctant to do the job at all, yet again the only people to benefit from a change in legislation are the legal profession.

N. P. Newton,  
Yosemite, Dunmow Road,  
Gt. Bardfield, Braintree, Essex.

## Postage rates to the U.S.

From Mr J. M. G. Layton

Sir—The British Post Office regularly issues leaflets giving overseas postage rates but I do wish that UK organisations would use the information. It is most frustrating to receive correspondence anything up to two months after the date of posting: "insufficient postage paid for airmail" is rubber stamped on some airmail envelopes (the National Giro is good at this). Even more annoying is paying the excess postage because some clerk with a franking machine assumed that the U.S. was included in the 15p second class rate, (a

speciality of one of the major banks). A Friendly Society has just lost my business by sending promotional material that came by sea and was underpaid.

Perhaps there is some significance in the observation that financial institutions seem to be most consistent in their inability to apply the correct postage? Other commercial items and personal letters are usually correctly stamped—within a penny or two—and airmail usually arrives in about five days.

As an Englishman in the States for a short time I try to understand—but perhaps potential expert customers would be better pleased if the British Post Office would do the same as the United States Service. They refuse to carry letters with insufficient postage and return inadequately stamped overseas letters to the sender for correction; but then over here we put the sender's address on the outside of the envelope!

J. M. G. Layton  
1640 Brookview Circle  
Bloomfield Hills  
Michigan 48013, USA

# Sheraton Roma Hotel

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At the time of the opening of the hotel the discotheque and the squash courts may not be operational.

## Sheraton Roma Hotel

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## SECTION II - INTERNATIONAL COMPANIES

## FINANCIAL TIMES

Wednesday April 6 1983

IDC  
Design, Construction,  
& Engineering Service

Stratford upon Avon CV35 9EF

## Data General earns \$5m in second quarter

BY RICHARD LAMBERT IN NEW YORK

DATA GENERAL, the Massachusetts-based manufacturer of general computer systems, reported net earnings of \$5m in the second quarter to March compared with \$3.6m a year earlier. That represented a much more modest rate of decline than in the first quarter, when net earnings plunged from \$14.9m to \$3.1m.

The main reason for this, however, is that it was in the second quarter of last year that the once-high flying computer company's earnings started to come under serious pressure. Its net profit fell 1982 from \$40.8m to \$10.8m before extraordinary gains.

Total revenues in the last three months increased modestly to \$187.1m, with a rise in service and other revenues offsetting a fall in

equipment sales. The company said that cost containment and other productivity programmes continued to be implemented.

"A sustained improvement in Data General's earnings in the future continues to be closely tied to a sustained improvement in world economies," said Mr Edson de Castro, the company's president.

Towards the end of the second quarter, Data General introduced the Eclipse MV/10000, a 32-bit system with twice the performance of its previous high end system, the Eclipse MV/8000. The company said there was high customer interest in the new system, and shipments would begin within the next 60 days.

Revenues for the half year were marginally higher at \$388.6m, and

## Earnings at CSX hit by mild winter

By Our Financial Staff

CSX, which operates a 27,000-mile rail system spanning 22 U.S. states, suffered a fall in first quarter net earnings from \$48.2m to \$11.6m a share to \$35.9m or 84 cents. Revenues slipped from \$1.29bn to \$1.13bn.

The company, formed through the 1980 merger of Chesapeake and Seaboard Coast Line, is the leading U.S. carrier of coal. It blamed the earnings fall on a 20 per cent decline in coal traffic, due to a mild winter which reduced domestic demand.

The decline more than offset gains in other products, including automotive and construction materials, where traffic increased 21 per cent and 4 per cent respectively. Traffic in other general commodity groups, including chemicals, paper and allied products, improved in the last month of the quarter.

Operating expenses fell 10 per cent compared with the first quarter of 1982, thanks mainly to further cuts in jobs. Total employment is now 55,000, against 57,000 at the end of 1982 and 68,000 at the beginning of that year. Lower fuel prices also contributed to reduced costs.

## Lauritzen doubles deficit to Dkr 84m

COPENHAGEN - J. Lauritzen reports a combined net deficit of Dkr 84m (\$9.77m) for its three Danish shipyards in 1982, against Dkr 35m for the previous year. The shipbuilding activities of one of the yards appears "doomed," the company says.

The ailing Elsinore yard ended 1982 with a record Dkr 132m deficit against a Dkr 27m deficit for 1981. Without a new injection of capital there is "no possibility" of maintaining the shipbuilding division of this yard.

Elsinore's equity is negative, the current building programme runs out before mid-summer and prospects of securing new satisfactory orders for the yard are described as "extremely slim."

Efforts are being concentrated on maintaining Elsinore's repair, diesel spare part and other engineering activities to provide work for less than 500. This means that some 1,200 are to be laid off.

The Aalborg yard, turned a 1981 net deficit of Dkr 13.8m into a Dkr 26.4m net profit for 1982. The smallest yard, at Frederikshavn, more than quadrupled its net profit to Dkr 21.3m from Dkr 5.2m.

Employing 1,100, the Frederikshavn yard's building division is expected to work at full capacity throughout 1983. AP-DJ

## Apple lowers computer price

By Our New York Staff

APPLE COMPUTER, the U.S. personal and business computer manufacturer, has reduced the price of its Apple III computer by 23 per cent. It will cease production of the 128K version of the computer in favour of standardising production on the larger memory version, which has 256,000 bytes of main memory.

The price cut, from \$2,495 to \$1,950 for the 128K version, was justified by the cost reductions for components, said Apple.

The 256K version had become standard because of the increasingly sophisticated software produced for it.

The move probably also reflects the impact on Apple III sales of IBM's highly successful personal computer. Earlier this year, Apple launched the sophisticated Lisa computer, which sells for \$10,000.

## Air Canada shows record loss in 1982

By Our Financial Staff

AIR CANADA, the Government-owned airline, has reported a record net loss of C\$82.8m (U.S. \$24.7m) for 1982, and expects a similar loss this year.

The deficit, compared with net earnings of C\$40.1m in 1981, was the first since 1978. Revenues rose to C\$2.31bn from C\$2.26bn.

Mr Claude Taylor, president and chief executive, blamed the loss on a 5 per cent drop in total traffic and ever-increasing costs. "It would take a miracle to return to profit this year," he said.

The 1982 results include a C\$18.8m charge for a staff-reduction programme.

## UK ALUMINIUM MERGER PROVES SUCCESSFUL

## Favourable surprises for Alcan

BY IAN RODGER IN LONDON

THE IDEA of "synergy" in mergers of industrial companies is quite discredited these days, but it seems to be happening in the case of the acquisition last November of British Aluminium (Baco) by Alcan Aluminium (UK).

Until the merger, the two companies were among Britain's largest industrial ducks. Between them they lost C\$8m (\$85.8m) in 1981 and probably another C\$5m or more last year.

The high value of the pound was driving them out of their home markets and low world metal prices were undermining their margins. Both had vast excess capacity, most of which was installed in the 1960s when aluminium consumption was growing at 7 per cent per year.

The merger was seen as a last desperate attempt to save something of Britain's aluminium industry through massive rationalisation.

Four months later, most of the rationalisation is under way and the new company, British Alcan Aluminium, could even make a profit this year.

"They have an opportunity to be profitable this year," Mr David Culver, president of Alcan Aluminium,

A STRIKE over redundancy terms at Alcan's Rogerstone Mill in South Wales, entered its third week yesterday with still no signs of a break in the deadlock. The strike has been triggered by Alcan's proposed method of implementing 350 redundancies at the plant. The company has warned union officials and strikers that if the dispute continues it could lead to a reassessment of the overall strategy and even the permanent closure of the South Wales plant.

the Canadian parent company, said recently. "So far, all the surprises have been favourable."

The main surprises have been the sudden sharp recovery in metal prices and the equally sudden and sharp fall in the value of sterling.

The spot price of aluminium ingot on the London Metal Exchange has jumped from just under £800 per tonne last December 1 to just over £900 per tonne.

The European market leaders in primary and secondary aluminium products are in West Germany. The decline in the value of the pound from DM 4 to DM 3.80 since early December has enabled the company to raise its prices without fear of a loss of market share to the German producers.

In January, the company announced it was raising its prices on primary aluminium by 10 to 12 per cent and last week it confirmed a rise in its UK and Ireland list price for ingot from £910 to £930. This was the first rise in the list price since February, 1980.

Perhaps a more important pleasant surprise has been the discovery that the customer lists of the two predecessor companies did not overlap much.

"People tended to deal with Baco and a German company or Alcan and a French company, but rarely with Alcan and Baco," Mr George Russell, managing director of British Alcan, said.

Thus, the group has not experienced the expected drop in sales caused by customers seeking out a new second supplier. On the contrary, volume has increased about 15 per cent since the beginning of the year, mainly because the movement in exchange rates has made imports less attractive.

Mr Russell doubts that there has been any improvement in final demand in the UK yet.

The other pleasing development - although this was less of a surprise to the two companies - has been the complementary nature of their operations.

For example, Alcan had a modern, world scale but under-used hot rolling mill at Rogerstone in Wales so it made sense to shut down Baco's small hot mill at Falkirk.

Baco had a strong market position in extrusions, based partly on the High Duty Alloys subsidiary business linked to the aircraft industry, so extrusion manufacture is being concentrated at Baco's Distington and Latchford plants. Alcan's disastrous extrusion operations at Rogerstone are being shut down.

But there's the rub. The Rogerstone workforce has not taken the rationalisation plan - which involved reducing the 13,000 payroll by 1,200 - with as much equanimity as workers elsewhere in the group.

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## IBM launches new models

BY LOUISE KEHOE IN SAN FRANCISCO

IBM announced two new mini computers yesterday, both of which significantly upgrade the performance of the company's current mini computer models.

The new "super-mini computer," a medium-sized business computer, is a top of the line model 36 machine. The "model 8" processor doubles to 8m characters, the maximum internal storage capacity of the computer to allow it to handle more complex software programmes and more data. In addition, up to 128 terminals can now be added to the "model 8", up from 80

on previous models. More disc drive can also be hooked up to the new machine. Prices will range from \$180,000 to \$253,000.

The IBM announcement will heat up competition in the "super mini computer" market. According to International Data Corporation (IDC) of Framingham, Massachusetts, these 32-bit mini computers have been one of the biggest growth markets for the recession wracked mini computer industry. IDC said that sales of super minis rose about 32 per cent in 1982 to \$1.86bn and it expects sales to rise 49 per cent this year to total \$2.5bn.

The new IBM machine will increase competitive pressure on mini computer companies such as Digital Equipment Corporation, Data General and Prime Computer, commented Mr Dale Kuntick, an industry analyst with the Yankee Group in Boston.

IBM also announced a new series 1 modular mini computer. The new machine is 20 per cent faster than the most powerful current model and can store up to one million characters in its internal memory.

## Finnish shipbuilder lifts dividend

BY OUR FINANCIAL STAFF

WARTSILA, the leading Finnish shipbuilding and engineering group, increased 1982 profits before appropriations and taxes to Fm 90m (\$55m) from Fm 140m in the previous year. The dividend is going up by more than a third to Fm 5.40 a share.

All divisions were profitable, the company says, adding that profit development is expected to be "good for 1983-84."

Order books have continued to expand, improving to around Fm 9bn at year-end, of which Fm 6bn was for shipbuilding. Diesel orders accounted for Fm 800m and paper industry machinery the balance.

Sales for 1982 were Fm 5.9bn, an increase of 26 per cent. Exports were 80 per cent of sales. Sales for 1983 are expected to exceed Fm 6bn.

Wartsila says its process of internationalisation continues faster than ever through acquisitions abroad and the formation of new sales subsidiaries. Foreign production and sales companies account for 14 per cent of total sales.

The company has recently issued shares in Sweden. Wartsila will be the fourth foreign company to be quoted on the Stockholm exchange and the third Finnish company to be quoted abroad.

## Dutch bank denies equity change plan

By Walker Ellis in Amsterdam

NEDERLANDSE CREDITBANK (NCB), the fifth largest Dutch commercial bank, has denied reports that Chase Manhattan of the U.S., its biggest single shareholder, is planning any change in the extent of its holding.

Chase now controls 31.5 per cent of NCB. Both NCB and Chase insist that no change is in prospect and that the current position will continue for the foreseeable future.

Last year, trading in Chase's shares in New York was suspended briefly pending the announcement of major reorganisation plans by NCB in Amsterdam. NCB is currently engaged in an extensive slim-down and last year made a net profit of only Fl. 7.2m (\$2.87m), 61.5 per cent down on 1981.

Thyssen-Bornemisza, the Dutch manufacturing and trading group, which owns 27.5 per cent of the equity of NCB, is known to be ready to sell off its shares.

Mr Jacques Deling, chairman of NCB, said at a press conference last week that these shares could, in theory, be taken up by Chase but that no plans for such a deal were under way.

## Barclays Bank extends Visa Energy loan

By Our New York Staff

VISA Energy, a small Colorado-based energy company, said that it has received another extension of its line of credit with Barclays Bank International, the UK clearing bank's overseas subsidiary.

The extension, until the end of this month will allow Visa and Barclays to continue to seek a restructuring of the company's \$45m revolving credit facility as well as the line of credit.

Visa said the extension applies to \$4.5m currently outstanding under its line of credit.

Barclays has recently suffered a serious setback in its U.S. operations. Last year, losses totalled \$51.2m (\$35.1m) against profits of \$94.4m (\$37.3m) in 1981. The U.S. operation is thought to have suffered partly as a result of continuing energy loan problems.

## COMPANY NOTICES

## London American Energy N.V.

## Annual General Meeting

Notice is hereby given that the Annual General Meeting of London American Energy N.V. will be held at Piccadilly 15, Willemstraat, Curaçao, Netherlands Antilles on 3rd May 1983 at 10.00 a.m. to consider and, if thought fit, to pass resolutions for the following purposes:

1. To approve the balance sheet of the Company and the consolidated balance sheet, the related consolidated statement of income and retained earnings and changes in financial position of the Company and its subsidiaries, together with the respective notes thereto and the Auditors' Report thereon;
2. To ratify the payment on 15th November 1982 of a distribution of \$50 per share and to designate such payment as a dividend;
3. To approve the payment of a final dividend of \$50 per share;
4. To approve the distribution of \$150 per share by way of capital repayment out of additional paid in capital; to re-appoint the Auditors and authorise the Board to determine their remuneration; and
5. To amend the Articles of Incorporation of the Company by deleting Article 13 (Residence and Nationality of Shareholders) in its entirety and to substitute the following Article 13 in lieu thereof:

The Corporation may, prior to the issue of shares upon the placing or offering of such shares, issue, as evidence of its obligation to issue any such shares, non-transferable certificates of acceptance of subscription ("Acceptance Certificates"). Such Acceptance Certificates shall not be exchangeable for Shares, nor shall they be negotiable, for registration or for the acquisition of 90 days after the conclusion (as determined by or on behalf of the Corporation) of the offering of such shares. No such Acceptance Certificate shall bear voting rights or dividend rights and no exchange of Acceptance Certificates or registration of ownership may be effected unless the holder of such Acceptance Certificate presents to the Corporation, its registrar or transfer agent or such other person as the management may designate a certificate representing that such person is not a U.S., Canadian or Non-Resident Person and has not acquired the shares evidenced thereby for resale to, or for the benefit of, or for the account of any such U.S., Canadian or Non-Resident Person and that he will not offer or sell directly or indirectly the shares evidenced thereby to a Non-Resident Person.

For the purposes of this Article, "U.S. Person" means any national or resident of (including corporations and partnerships created or organised in) the United States of America, its territories and possessions and all persons subject to its jurisdiction and "Canadian Person" means any individual resident in Canada or any corporation or other entity organised under the laws of Canada or any political subdivision thereof, including any branch or office within Canada or (b) any bank or trust company organised under the banking laws of Canada or any Province thereof.

For the purposes of this Article, "Non-Resident Person" means a citizen of, or any corporation or other entity organised under the laws of, a country or of whose stock is owned, directly or indirectly, by citizens of any country not considered for the time being as reciprocating within the meaning of the United States Mineral Lands Leasing Act of 1920 or any modification, or re-enactment thereof for the time being in force.

London American Energy N.V.  
31st March 1983

Notes:  
1. Shareholders are entitled to appoint a proxy to attend and vote in their stead at the Annual General Meeting and at any adjournment thereof. A proxy need not be a shareholder but must not be a Director or a person employed by the Company.  
2. The required quorum for the Annual General Meeting is shareholders present in person or by proxy representing not less than five per cent of the outstanding shares of the Company. The required quorum for enabling resolutions to be proposed is shareholders present in person or by proxy representing not less than twenty per cent of the outstanding shares of the Company.  
3. If you are a registered shareholder and are unable to be present at the Meeting, please complete and lodge the accompanying proxy form and lodge it with or send it to the Secretary General de Luxembourg S.A., Service des Titres, 14 Rue d'Albion, Luxembourg in accordance with the instructions printed thereon.  
4. If you are a bearer shareholder and are unable to be present at the Meeting, please deposit your certificate for bearer shares with, and complete a proxy form in accordance with the instructions printed thereon available from, any Paying Agent. Share certificates so deposited will be held in a blocked account until whichever is the later of the conclusion of the Annual General Meeting (or any adjournment thereof) and the taking of any poll-taking therefrom, whereupon the certificates will be released on surrender of the deposit receipt issued by the Paying Agent with whom they were deposited.  
5. If you intend to attend the meeting in person, you are asked to notify the Company by completing and signing the form of notice on the reverse side of the proxy form.

## Trebled and Quadrupled!

Our equity capital and operating profit respectively over the past two years

The expansion of Sparebanken Oslo Akershus continued during 1982. Both income and capital bases continued to rise as the Bank developed further its areas of activities, particularly overseas.

At the year end liabilities and equity totalled NOK 12 billion, an increase of 18.4% on 1981.

The return on assets of Sparebanken Oslo Akershus last year exceeded that of the other three major Norwegian banks.

Commenting on the 1982 results the Chairman, Mr. Binger Jonassen, said "Sparebanken Oslo Akershus has established a sound basis for further expansion."

Results in brief	1982	1981	1980
Net interest			
including credit commissions	454.488	351.891	261.618
Other operating income	102.898	70.926	34.753
Operating costs	393.735	320.091	260.734
Operating profit after depreciation	163.651	102.726	35.637
Extraordinary income	297.024	1.288	13.500
Extraordinary costs	105	1.766	1.213
Net result before reserve for loan losses	460.570	102.248	47.924
Reserve for loan losses	34.112	28.233	12.724
Net profit	426.458	74.015	35.200
Equity capital	730.000	300.000	227.485
Total assets	12,014.390	10,249.620	8,307.740

P.O. Box 1175 Sentrum, Oslo,  
Head Office: Tordenskioldsgate 8-10,  
Telephone: 472 31 90 50

SPAREBANKEN  
OSLO  
AKERSHUS



All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE

February 24, 1983

**SEK****AB SVENSK EXPORTKREDIT**  
(SWEDISH EXPORT CREDIT CORPORATION)**ECU 60,000,000**  
**1983-1995 Retractable Bonds**Retractable at par at the option of the holder on February 24, 1986, 1989 or 1992,  
and payable in full on February 24, 1995.**Kredietbank International Group**

Algemene Bank Nederland N.V.	Bank Brussel Lambert N.V.
Banque Indosuez	Banque Internationale à Luxembourg S.A.
Crédit Commercial de France	Crédit Lyonnais
Credit Suisse First Boston Limited	Enskilda Securities
PKbanken	Skandinaviska Enskilda Bank Ltd
Svenska Handelsbanken Group	Société Générale de Banque S.A.
Westdeutsche Landesbank Girozentrale	S.G. Warburg & Co. Ltd.

This announcement appears as a matter of record only.

**VOLVO**

Aktiebolaget Volvo

**Flux 250,000,000 1983-1988**  
**Private Placement**

Underwritten and placed by

**Kredietbank S.A. Luxembourg** **Banque Paribas (Luxembourg) S.A.**

February 1983



All of these securities have been sold. This announcement appears as a matter of record only.

March, 1983

**Decision Data Computer Corporation****2,500,000 Shares****Common Stock**

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

BLITH EASTMAN PAINE WEBBER <small>Incorporated</small>	THE FIRST BOSTON CORPORATION	ALEX. BROWN & SONS
DILLON, READ & CO. INC.	DONALDSON, LUFKIN & JENNETTE <small>Securities Corporation</small>	DREXEL BURNHAM LAMBERT <small>Incorporated</small>
GOLDMAN, SACHS & CO	HAMBRECHT & QUIST <small>Incorporated</small>	E. F. HUTTON & COMPANY INC.
KIDDER, PEABODY & CO. <small>Incorporated</small>	LAZARD FRERES & CO.	LEHMAN BROTHERS KUHNS LOEB <small>Incorporated</small>
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP <small>Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated</small>		PRUDENTIAL-BACHE <small>Securities</small>
SHEARSON/AMERICAN EXPRESS INC.		SMITH BARNEY, HARRIS UPHAM & CO. <small>Incorporated</small>
WARBURG PARIBAS BECKER <small>A.G. Broker</small>	WERTHEIM & CO., INC.	ROBERTSON, COLMAN & STEPHENS
F. EBERSTADT & CO., INC.	A. G. EDWARDS & SONS, INC.	MONTGOMERY SECURITIES
MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.	OPPENHEIMER & CO., INC.	PIPER, JAFFRAY & HOPWOOD <small>Incorporated</small>
ROTHSCHILD INC.	THOMSON McKINNON SECURITIES INC.	TUCKER, ANTHONY & R. L. DAY, INC.
BASLE SECURITIES CORPORATION	CAZENOVE INC	ROBERT FLEMING <small>Incorporated</small>
KLEINWORT, BENSON <small>Incorporated</small>		WOOD GUNDY INCORPORATED

**INTL. COMPANIES & FINANCE**

Hungarian lighting equipment maker chooses its own leaders

**Tungram reshuffles Western way**

EASTERN EUROPE'S only international company, Tungram of Hungary, is in the throws of a Western style reshuffle at the top. Mr. Karoly Demeter, the newly appointed president, is the first head of a major Hungarian company, to exercise the right to choose his own managerial team without the sanction of the Ministry of Industry.

"Everyone agrees with the new system," notes Mr. Louis Szendrey, the acting commercial director of Tungram, "except those directly affected." To be replaced as a company director has until now been a matter of disgrace in Hungary, as in the rest of Eastern Europe.

The stigma of failure represents one of the most difficult problems attached to being sacked as a director, but in the best Western fashion Mr. Demeter is arranging to find "acceptable positions at no loss of salary for directors eased out."

Tungram is Eastern Europe's largest maker of light bulbs and lighting equipment, and is one of the best in Europe. It ranks in the top half dozen or so of bulb manufacturers in the world.

In 1988, the forerunner of the Tungram United Incandescent Lamp Company—the trade name of which is Tungram—began producing carbon filament bulbs. Two Tungram engineers, Dr. Sándor Jusz and Ferenc Hanaman, produced the world's first bulb with a wolfram filament in 1932. A Tungram physicist, Imre Brody, applied for a patent in 1930 for a bulb with Krypton gas and a wolfram coiled filament which gave 10 per cent more light than the ordinary bulb. The Krypton bulb went into production in 1936, and was adopted by other leading manufacturers.

In those days, Tungram was already an international company with sales in Europe, the Middle East and Latin America. As a member of the European light bulb cartel, Tungram was allotted 15 per cent of the German market, among its other outlets. Prices were fixed in those days, and patents circulated among manufacturers without charge.

The company had factories in Austria, Czechoslovakia and Poland. The two latter plants were nationalised after the Second World War, and became the nuclei of the national light

bulb industries of those countries.

Along with the other large companies based in Eastern Europe with a pre-war reputation, Tungram was able to build up major sales on Western markets. It has become Hungary's largest foreign exchange earner with 40 per cent of its output sold for hard currency. Some 40 per cent goes to other Comecon countries for transferable roubles and only 20 per cent is absorbed within Hungary. The economics of bulb-making mean that a country such as Hungary, with only 10.7m people, would not ordinarily have a bulb factory to meet domestic demand alone.

Tungram's first pre-war plant in the West was in neighbouring Austria, where it currently has 30 per cent of the bulb market and is the only producer. In 1978, it took a leap across the Atlantic, unprecedented for an East European country, forming a joint venture called Action Tungram with Action Industries of Brunswick, New Jersey, only three miles, company executives proudly point out, from Menlo Park, where Thomas Edison's workshops were located.

The move was made possible by the abolition of production plans for Hungarian companies under the Economic Reform launched in 1988. This, and the introduction of international prices, provided the basis for independent management and marketing.

Today the U.S. company sells 400m bulbs out of a total American market estimated at some 5bn. Using American components, it produces plain light

bulbs on Hungarian equipment, while specialty bulbs are imported from Hungary.

Tungram says the U.S. company was profitable last year, though it is prevented from divulging figures by its American partner being privately owned. In order to remain profitable, the U.S. plant has had to increase its supply of components by buying from its leading competitors—South Korea, Hong Kong and Japan.

Six months ago, Tungram set up a plant in Cork, Ireland, to

supply the UK, Ireland and France. The company is sensitive about past charges in Britain that it had unfairly grabbed a large share of UK sales. Ten years ago, Tungram claimed that British bulb suppliers were more interested in selling to Europe, because of the cheap pound. The Hungarian company entered the market—and quickly achieved high growth.

At one point it had 40 per cent of original vehicle lamp sales, through Lucas. Now, Tungram says its share of the UK vehicle and home bulb markets has dropped to about 7 per cent. "Our maximum target is a 5-10 per cent share of the market in any country," Mr. Szendrey notes.

Tungram's share of the West German market is said to be about 8 per cent, with some specialty items taking 10 per cent. The West German distributor, which is mainly supplied from the Austrian and Hungarian plants, sponsors a leading West German water polo team in West Berlin, and the company trade mark is being busily plastered on buses and house walls.

In several developing countries, Tungram has supplied the more profitable end of the business turnkey light bulb factories. It was the general contractor for a \$30m light bulb factory—said to be the biggest in the Middle East—which was opened recently near Baghdad.

Although the Soviet Union is by far Comecon's largest light bulb market, seven out of 10 Soviet bulbs are made on Tungram machinery. The Russians buy complete production lines from Tungram—which sets up the factory and then has nothing more to do with them.

For several years, the Hungarian company has been selling halogen headlights to the Nissan company in Japan, which in 1982 bought \$50m worth of them, tripling the 1981 order. Late last year, Nissan said it wanted to buy large quantities of Tungram lamps for the auxiliary lighting of its cars.

Such sales notwithstanding, Tungram did no more than to break even last year, on turnover of 10bn forints (\$250m). The company is operating at 68 per cent of capacity, and its main goal, Mr. Szendrey says, is to return to profitability. "Because of last year's poor results we can raise wages this year by

only 1 per cent," he adds, pointing out that inflation in Hungary this year may be expected to be 7½ per cent. "The best of our employees could leave us: it's that serious."

Hungarian officials and company directors insist the country has a shortage of skilled labour despite the overtraining in some sectors.

Profits are in particular need at Tungram as it must pay back large investments in plant capacity within Hungary made in the late 1970s. "If we had

known what was to come in the 1980s," Mr. Szendrey remarks, "we would have thought twice."

Hungarian companies pay floating interest rates when borrowing from the national bank. A long-term loan costs about 9 per cent and a one-year loan about 14 per cent. The most costly loan is the one a Hungarian company is forced to take at 17 per cent interest if it runs out of cash to meet its payroll.

Tungram is avoiding plans for expansion in the near future because its resources are now being concentrated on cost-saving measures. These do not include releasing any of the 25,000 employees, as wages, which average some 4,500 forints (\$113) a month are said to make up only 15 per cent of overheads. Some 50 per cent of overheads is taken up by raw materials, while the rest is spread over interest, depreciation and taxes.

There is still a widespread misconception in the West that companies in the Communist countries are subsidised by the Government, says Mr. Szendrey. "A Government cannot subsidise someone, as it produces no value," he remarked. "We are hit hard for taxes to cover our Government's budget expenses, from which we get no registrable return."

Tungram and other Hungarian concerns, he says, pay income-tax, turnover tax, and social taxes on wages which go directly to the Government. These make up 15 per cent of sales and a much higher percentage of profits, of which there are none at present.

Leslie Colitt

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## INTL. COMPANIES &amp; FINANCE

## DMI little changed after second-half improvement

BY WONG SULONG IN KUALA LUMPUR

A BETTER second half, aided by stringent cost control and a 4m ringgit (U.S.\$1.7m) profit from a property sale, enabled Dunlop Malaysian Industries (DMI) to report a steady performance for 1982.

Although pre-tax earnings fell by 3 per cent to 40.4m ringgit, net profits rose by 4 per cent to 24.8m ringgit. Pre-tax earnings in the first half had been down 13 per cent at 18.8m ringgit. Full year sales fell by 5.5 per cent to 235m ringgit.

The year began badly for DMI, which not only had to

contend with the impact of the world recession, but which also lost its long established Malaysian Government contract for tyres worth 200m ringgit a year.

DMI is 51 per cent owned by Dunlop of the UK, and as a result fell victim to the Malaysian Government's "buy British" policy, which was only lifted last year.

In the latter part of the year DMI also had to suffer rising stock prices, as well as keen competition from cheap imports.

However, apart from its tyre

operations, DMI's other activities (the manufacture of mattresses, sports goods, chemical sealants) and its associates, H. and R. Johnson (Malaysia), the tile manufacturer, made good progress.

The company sees its main task for the current year as the strict control over costs in the face of keen competition.

A final dividend of 21 cents has been made on paid-up capital of 100m ringgit, making an unchanged 28.5 cents for the year.

## Japanese banks make overseas provisions

TOKYO—Japanese banks are likely to provide between ¥150bn (\$225m) and ¥200bn (\$300m) in the newly-introduced reserve for specific loan losses overseas for the business year ending March 31.

This will be the first time the banks have made provisions for bad loans covering both domestic and overseas loans. The 13 City banks, three long-term credit banks, seven trust banks and a few regional banks are involved.

A circular issued by the Finance Ministry on March 9 allowed banks to introduce the new reserve, starting from fiscal 1982. Each bank is allowed to provide between one and 5 per cent of its total exposure in countries with high-risk loans.

A few large city banks and one long-term credit bank are likely to provide for the maximum 5 per cent of their exposure, with others providing for around 3 per cent.

Country-by-country provisions need not be bound by the percentage of provisions chosen by a bank for its total exposure.

Provisions for much more than 5 per cent are likely for Poland, Laos, Vietnam and other countries deeply in debt.

On the other hand, provisions for Mexico and a few other countries may be less than 1 per cent because Japanese banks are required to supply fresh loans to them.

Reuter

## Haw Par deal with UOB unit called off

SINGAPORE—United Overseas Insurance, a subsidiary of United Overseas Bank (UOB), has terminated negotiations with Haw Par Brothers to buy the latter's Malaysian Motor and General Underwriters affiliate.

For its part Haw Par Brothers International has sold a further 3.7m share block from its holding in Cheung Holdings, the Hong Kong property group. The sale reduces Haw Par's stake to 5m shares and will bring an extraordinary gain of about \$88.5m. Most of this money is to be used to diversify Haw Par's investment portfolio in Hong Kong with the rest to be re-invested.

APM

## Offshore loan for Arab Homes

BY MARY FRINGS IN SAUDI ARABIA

A CREDIT facility signed in Bahrain between Arab Homes and a syndicate of banks led by Gulf International Bank (GIB), Al-Bank Al-Saudi, Al-Hollandi, the National Commercial Bank, and Saudi Investment Banking Corporation.

Arabian Homes is building housing for senior expatriates in Jeddah and Yanbu.

Arabian's First Gulf Bank has reported a year of consolidation in 1982, against a background of economic, political and financial stability in the Gulf.

Profits after provisions were Dh 25m (\$6.8m), which is 26 per cent down on 1981. Total assets (excluding contingencies) declined from Dh 782m to Dh 678m and loans and advances fell from Dh 228m to Dh 188m. Total shareholders

equity, which does not include substantial inner reserves, stands at Dh 194m.

A 10 per cent dividend and a three-for-one scrip issue is to be made subject to UAE Central Bank approval, which is by no means automatic. An increase in capital from Dh 120m to Dh 160m also awaits approval.

First Gulf Bank is the only bank incorporated in the tiny Gulf emirate of Ajman. It was established as a public shareholding company in 1979 when it took over certain assets and liabilities of Ajman Arab Bank, in liquidation since 1976. The ownership is believed to be 50 per cent Kuwaiti, with the remaining shareholdings spread between nationals of the UAE, Saudi Arabia, Oman and Bahrain.

Bankers included in the club

## Southern Sun and Remies end talks

By Our Johannesburg Correspondent

SOUTHERN SUN, the South African hotel chain, and Remies, the South African offshoot of Jardine Matheson, have concluded that proposals for rationalisation of their hotel interests are not feasible.

The two companies announced last December that preliminary discussions were taking place on the possibility of rationalising part of the Southern Sun chain and the Holiday Inn chain which is owned by Remies.

## Ampol contribution keeps Pioneer Concrete ahead

BY MICHAEL THOMPSON-NOEL IN SYDNEY

PIONEER Concrete Services lifted net profits by 11.8 per cent to A\$96.1m (U.S.\$31.2m) for the six months to December 31—thanks to increased contributions from its oil refining and distribution subsidiary, Ampol Petroleum and its overseas operations. The interim dividend is maintained at 5 cents a share, although a one-for-eight scrip issue resulted in a fall in earnings from 14 cents to 13.8 cents a share. Sales were A\$902m against A\$779m.

Sir Tristan Aitken, the chairman, said the decline in con-

crete and quarrying operations had been far steeper than expected and the downturn in demand from the local construction industry was likely to be twice as sharp as anticipated.

Although the gain by Ampol was commendable, "continued interference by state governments in pricing policies for petroleum products remains a major concern."

U.K. subsidiaries were again trading profitably and other major profit growth areas included the U.S. and Hong Kong.

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New Issues

March 30, 1983

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## \$300,000,000 10.90% Notes

Dated April 7, 1983 Due February 28, 1990 Price 100% CUSIP #863871 AH 2 Series A-90  
The Notes will be issued in Book-Entry form only.

## \$200,000,000 FLOATING RATE NOTES, Series C

Dated April 12, 1983 Due March 23, 1993 Price 100% CUSIP #863871 AG 4

The interest rate on the Notes will be subject to weekly adjustment on the calendar day following each auction of 91-day Treasury bills, and will be equal to 35 basis points above the average "91-day Treasury Bill Rate" (expressed on a bond equivalent basis). The Notes will be repayable on March 29, 1988 at the option of the holder thereof, at 100% of their principal amount, plus interest accrued to the date of repayment. The Notes are definitive securities and will be issued only in fully registered form.

These Notes are the obligations of the Student Loan Marketing Association, a U.S. government-chartered, private corporation established by the Higher Education Act of 1965, and are not obligations of, or guaranteed by, the United States. The Notes are legal for investment by savings banks, insurance companies, trustees and other fiduciaries under the law of many states.

This offering is made by the Student Loan Marketing Association with the assistance of a nationwide Selling Group of recognized dealers in securities.

Roger C. Pastore  
Vice President, Corporate Finance

Mitchell A. Johnson  
Assistant Vice President, Fiscal Agent

## Student Loan Marketing Association

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April, 1983

1,401,500 Shares

# ISCO

Common Stock

Alex. Brown & Sons	L. F. Rothschild, Unterberg, Towbin	Hambrecht & Quist Incorporated
Bear, Stearns & Co.	Blyth Eastman Paine Webber Incorporated	Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation	Drexel Burnham Lambert Incorporated	Goldman, Sachs & Co.
E. F. Hutton & Company Inc.	Kidder, Peabody & Co. Incorporated	Lazard Frères & Co.
Lehman Brothers Kuhn Loeb Incorporated	Merrill Lynch White Weld Capital Markets Group Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Prudential-Bache Securities	Shearson/American Express Inc.	Smith Barney, Harris Upham & Co. Incorporated
Warburg Paribas Becker A. G. Becker	Wertheim & Co., Inc.	Dean Witter Reynolds Inc.
Basle Securities Corporation	Robert Fleming Incorporated	Kleinwort, Benson Incorporated
		Rothschild Inc.
Banque Nationale de Paris	Crédit Commercial de France	Grieson, Grant & Co.
Kitcat Aitken & Safran Limited		Morgan Grenfell & Co. Limited
Pictet International Limited	J. Henry Schroder Wagg & Co. Limited	S. G. Warburg & Co. Ltd.

March 1983  
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# AARHUS OLE

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## £12,000,000 Medium Term Loan

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Citibank N.A.  
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Midland Bank plc  
National Westminster Bank Group  
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**PROVINSBANKEN**  
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## UK COMPANY NEWS

## Turnround to £12m profit at BPCC

A SHARP turnround from a loss of £1.23m to a pre-tax profit of £12.41m has been achieved by British Printing and Communication Corporation for 1982.

Mr Robert Maxwell, the chairman, attributes the significant improvement in results largely to a substantial reduction in labour and other overhead costs flowing from the successful implementation—with full trade union support—of the group's survival plan.

At the interim stage, when reporting a swing from a £6.67m loss to a £5.03m profit, Mr Maxwell said the group could look forward to better things in the second half because that half was always the stronger.

On prospects for the current year, the chairman says there are signs that the deep recession is coming to an end, with demand beginning to pick up in all areas of the group's activities.

Given the quality and quantity of resources available to the group in manpower and equipment, coupled with a major marketing drive at home and abroad, the board is confident that 1983 will see a further increase in its "high quality" profits.

As expected, there is no dividend on either the ordinary or preference shares, but the board is confident that a resumption of payments on both classes of shares will be paid out of 1983 profits.

In August, Mr Maxwell explained the group's investment requirements must have priority over other claims on resources.

Stated earnings per 25p share were up sharply from 1.5p to 11.4p.

Referring to the Park Royal (Radio Times) plant, the chairman says that he has been tackling this problem vigorously and the board expects to be reporting positive progress on it very shortly.

Mr Maxwell also reports that excellent progress continues to be made in the group's discussions with the trade union side, concerning the merger of the Odhams-San plants at Watford.

Turnover for the year was £5.66m lower at £192.5m. However, the 1981 figure included sales of £20m which related to factories which have been closed in accordance with the survival plan. Consequently the continuing companies increased 1982 sales by £14m, or by some 7.5 per cent.

During the year Crech Paper Mills, the manufacturing operations of Thames Media and Harold Wesley, were closed. In addition, since the year end, the tax charge increased from £0.48m to £1.15m. After minority interest of £14,000 (£96,000), exchange losses of £471,000 (£435,000) and extraordinary charges of £2.2m (£15.85m), the net surplus came out at £11.12m, as against a deficit of £13.77m.

The extraordinary items comprised group rationalisation costs of £5.27m (£1.61m); profit on sale of properties £459,000 (nil); profit on sale of subsidiary £94,000 (nil); profit on redemption of debenture and loan stock nil (£1.37m); minority credits £8,000 (£385,000); less group relief receivable from Pergamon Group £2.51m (£3.25m). The 1982 figure was net of the amount attributed to extraordinary items.

Eastfield Photo Litho has also been closed, the costs of which have been charged within the 1982 accounts.

BPCC has again benefited from its arrangement with its parent company, Pergamon Group, under which tax losses of approximately £10m are surrendered to Pergamon on the basis of 52p for each pound of tax loss surrendered.

In 1982 half of the consideration receivable has been allocated to extraordinary items to reflect that part of the losses surrendered, which have been charged as rationalisation costs.

The group relief payment receivable from Pergamon was £2.51m (£3.25m). The 1982 figure was net of the amount attributed to extraordinary items.

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## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total last year
APV Holdings	7.7	May 25	6.5	10.5
Inglit Industries	0.58	June 30	0.59	2.75
Jackson Exploration	1.1	June 15	1	1.5
Jackson Exploration	1.1	June 15	1	1.5
Johnson Cleaners	1.33	April 28	5.55	10.8
Sharea	1.33	May 23	1.08	2.23

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock \$ U.S. currency throughout.

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BPCC has again benefited from its arrangement with its parent company, Pergamon Group, under which tax losses of approximately £10m are surrendered to Pergamon on the basis of 52p for each pound of tax loss surrendered.

In 1982 half of the consideration receivable has been allocated to extraordinary items to reflect that part of the losses surrendered, which have been charged as rationalisation costs.

The group relief payment receivable from Pergamon was £2.51m (£3.25m). The 1982 figure was net of the amount attributed to extraordinary items.

The tax charge increased from £0.48m to £1.15m. After minority interest of £14,000 (£96,000), exchange losses of £471,000 (£435,000) and extraordinary charges of £2.2m (£15.85m), the net surplus came out at £11.12m, as against a deficit of £13.77m.

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## Second call at Britoil 'to pass without drama'

TODAY MARKS the closing date by which all Britoil shareholders must have paid the second instalment of their shares. The call amounts to 115p a share, and failure to pay by 5 pm—according to November's offer prospectus—"will render the first instalment liable to forfeiture and the acceptance of shares liable to cancellation."

According to one of the merchant banks involved in the Britoil flotation, "The vast majority of the second instalment have been paid, and it seems most unlikely that there are shareholders who would consider it not worth meeting the call and forfeiting their shares. However there was a time when this seemed a possibility."

At one point this year the part paid shares sank as low as 41p compared with the part paid price of 100p. But last Thursday the fully paid shares gained 14p to 15p.

In part this gain represented the ending of uncertainty regarding the call, but also the first clear sign of recovery in the oil price.

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## APV rises above £17.5m and lifts payout by 0.9p

AS EXPECTED second half pre-tax profits of APV Holdings improved on those of the first six months and enabled the group to return figures of £17.59m for 1982, an increase of £1.2m over 1981's result.

The dividend is being raised for the sixteenth year running and goes up from 9.5p to 10.5p per 50p share by an increased final of 7.7p (6.5p).

Sir Ronald McIntosh, the chairman, says orders received in 1982 were up by 17 per cent on those of the previous year and that the improvement has continued into the current year.

For the remainder of the year much will depend on the pace of recovery in the U.S. but taking the group as a whole prospects in a number of principal markets are improving and although competition will remain keen as activity revives Sir Ronald expects the group to benefit from steps taken during the recession to improve efficiency.

Group turnover for 1982 expanded from £283.1m to £339m and at the trading level profits emerged at £30.07m compared with £25.85m in 1981.

APV manufactures and installs specialised process plant mainly in the fields of heat transfer and refrigeration.

APV Paramount in the UK made a substantial profit during the year after a loss in 1981 and there were strong performances from APV Equipment in the U.S. and APV Hall in South Africa.

These more than offset losses by the refrigeration companies at Dartford and a disappointing result from Crepac. The group also benefited from a £60,000 currency gain.

Group pre-tax profits included associates losses of £50,000.

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## Second half jump at Sharna Ware

With second half pre-tax profits of Sharna Ware moving up from £506,871 to £647,939, the full year surplus of this plastic ware manufacturer moved ahead from £1,242,994 to £1,898,988 for 1982. Turnover rose from £17.35m to £20.8m.

Further profit improvement has been achieved by the manufacturing division, say the directors, and work is continuing to meet the challenges imposed by difficulties which have beset the toy industry. The acquisition of the assets and trade marks of Tri-ang Toys in January will further strengthen this division.

With regard to the current year's trading in the division, indications from the trade fair are encouraging, supporting to some extent heavy investment in tooling and plant committed in recent years.

The cash and carry division further improved its results and in 1982 results will include a full contribution from a new £800,000 plant which was opened in August 1982 at Birkenshead. The board is continuing with its policy of acquiring units of this size to enable the division to take advantage of benefits of scale associated with volume increases.

The sale of the cash and carry unit in Glasgow and the earlier disposal of mill property in Burnley has maintained the policy of realising assets not considered to be economically viable. The balance sheet reflects the determination of the board in this regard and the group is adequately equipped to make progress in the coming years.

The net asset has been effectively lifted from £1,024,959 to £1,530,119, which raises the total from £1,734,509, adjusted for a 14p1 scrip, to £2,230,119.

Dividends per 20p share were given as 4.89p against 3.53p. The year was higher at £204,911 (£199,422) and there was an extraordinary debit this time of £31,000, which left attributable profits lower at £350,888 compared with £279,336.

On a current cost basis pre-tax profits were reduced to £480,000 (£319,000) and earnings per share came to 4.89p (3.94p).

## Jackson Exploration tops forecast with £772,000

TEXAS-BASED oil and gas explorer and producer Jackson Exploration exceeded its forecast taxable profits of £551,000 for 1982—made at a time of its rights issue and full London Stock Exchange listing last December—with £772,000 (£772,000 at current rates). However, this represents a fall of £1,522,000 compared with the previous year.

With stated earnings per share of 2.5 cents (7.4 cents) the final dividend is being maintained, as forecast, at 1 cent, giving a same again total of 1.5 cents.

Gross revenues increased by \$1.8m to \$11.13m due to a full year's contribution from the gas processing and transportation subsidiary Link Systems.

The directors say that as explained at the time of the rights issue, the main factors affecting the reduction in profits are an increase in depletion and depreciation provisions of approximately \$500,000 as a result of a reduction of appraised gas reserves principally at the South Katy and East Dudley Fields. Profits were also affected by a marked increase in general and administrative expenses primarily related to the opening of three new offices in South East Asia.

The Sedco 135A semisubmersible drilling vessel working offshore from Brunei supplied the East Farley No 1 Well on March 28, 1983, ahead of schedule, the directors say. The well will be drilled to a total depth of 10,500 ft and they expect to announce the results late in May.

In Indonesia the seismic survey programme on the Adang Block was started in December 1982, they add.

The provision for deferred tax amounted to \$148,613 (£210,124) leaving attributable earnings of \$1m (\$2.9m). Dividends absorb approximately \$500,000 as a

## Ingall interim advance to £235,000

TAXABLE PROFITS of Ingall Industries for the six months ended December 31, 1982, were in line with budgets and at £235,000 showed a satisfactory improvement over the £161,000 returned for the same period the previous year.

Current results are encouraging. The acquisitions made during the last six months are being integrated into the group and are all operating satisfactorily in line with expectations.

The purchase of Roberts and Brail, funeral directors, last January for £500,000 is expected to make a useful addition to the second six months results.

The net interim dividend is being increased from 0.89p to 0.98p per 10p share and the directors are confident that they will be able to recommend a 10 per cent increase in the total dividend to 2.75p and were paid from taxable profits of £51,000.

Sales for the first half of the current year of this light engineer and manufacturer of funeral furnishings were virtually static at £2.16m (£2.13m) but trading profits moved ahead by £105,000 to £265,000.

Interest charges were higher at £48,000, against £17,000, and tax took more at £122,000, compared with £24,000.

At the attributable level there was a surplus of £113,000 (£77,000), equal to earnings per share of 1.73p (1.19p). Interim dividends absorb £76,018 (£57,420).

A.C. Cars NEW LOSSES up from £233,072 to £341,705 have been shown by A.C. Cars for the year to the end of September 1982. The figure for 1981 includes taxation released of £126,597.

At the interim stage the directors warned there would be no improvement in the second half, but said there should be some improvement in the first half of the next full year.

There is again no dividend for this close company—the last payment was 0.14p net in 1979. Losses per 5p share were given as increasing from 10.77p to 16.4p.

Turnover of this engineer and maker of high performance car van and lorry bodies slipped from £1.98m to £1.44m.

Attributable losses rose from £214,502 to £235,310. There were extraordinary credits this time of £106,983 compared with previous debits of £67,640.

Yearlings down The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, down one eighth of a percentage point from last week and compares with 14.0 per cent a year ago. The bonds are issued at par and are redeemable on April 11, 1984.

A full list of issues will be published in tomorrow's edition.

## Gencor sees no growth this year

BY GEORGE MILLING-STANLEY

THE CONTINUED volatility in the gold price and the industrial recession in South Africa mean that General Mining Union Corporation (Gencor) can expect no worthwhile growth this year, according to Mr Ted Pavitt, chairman.

This gloomy prediction contrasts with the forecast early last month, at the time of publication of the group's results for 1982, when Mr Pavitt said this year's performance might be an improvement on last year's.

Gencor, South Africa's second largest mining and industrial finance house after Anglo American Corporation, made attributable profits of £267m (£164m) in 1982, and paid dividends totalling 175 cents a share.

Mr Pavitt expects a gradual upturn in the economies of South Africa's trading partners in the current year. There are also some favourable indications as to the likely course of the domestic economy, notably an improvement in the balance of payments, a slight fall in the rate of inflation and a bigger fall in interest rates.

On the other hand, he predicts that the rand will strengthen against other currencies, which can be expected to hit Gencor's export income.

Mr Pavitt said the group was maintaining the momentum of its exploration programme in southern Africa for gold, coal, and other metals and minerals, while exploration activities continue in Australia and Brazil.

Probably the most encouraging news on the exploration front comes from the Bendroch/Leandra area, which adjoins the Evander goldfield.

Gencor already has four producing gold mines in the Evander area. Witwatersrand, Bracken, Leslie and Kinross, and drilling nearby suggests that there may be a big enough tonnage of medium-grade gold-bearing ore to warrant exploitation as an adjunct to one of the existing mines.

A decision will not be made until further exploration work has been completed.

Gencor remains confident of the future of gold, although fluctuations in the price make planning extremely difficult, Mr Pavitt said.

The future for platinum looks a little more cloudy. The group's producer, Impala Platinum, is still maintaining its producer price at \$475 an ounce, although poor demand means that free market prices are considerably lower than that.

If the present depressed level of industrial demand continues throughout the year, it seems unlikely that Impala will do as well as in 1982.

On the coal front, Mr Pavitt is expecting a further weakening in export prices this year. For the longer term, Gencor has proved up reserves in the northern Transvaal suitable for the production of liquid fuels.

## Wankie Colliery hit by weak coal sales

FALLS IN coal and coke demand in both domestic and export markets hit the results of Wankie Colliery in the year to end-February. Trading profits were £581,000 (£558,000), lower even than the £31.8m earned in the previous six-month accounting period.

The group's financial results were helped by an exceptional credit of £230,000, arising from the decision to include the value of coal stocks in the accounts for the first time.

Because of the requirements of the new power station under construction close to the mine site, Wankie is now holding significant stocks of coal.

The group attributed the poor performance to the fact that coal and coke prices, which are controlled by the Government, have remained unchanged throughout the year, while costs have risen.

Wankie is Zimbabwe's only coal producer, and is managed by South Africa's Anglo American Corporation, which has a stake of 50.2 per cent.

In October last year, the Government made its first significant investment in the mining industry with the purchase of a 40 per cent interest in Wankie.

A final dividend of 2 cents a share has been declared, making a total for the year of 5 cents. In addition, the Government will receive 11 times the 2 cent payment on its holding of "A" ordinary shares, as prescribed by last year's agreement.

'New money' The amount of "new money" raised in the UK by the issue of marketable securities in March was £170.3m, compared with £212.1m in the previous month and £239.5m in March 1982. This brings the total for the first quarter of the year to £740.4m, considerably more than the £515.7m raised in the same period last year.

## International round-up

EXPORTS OF polished emeralds from Israel fell U.S.\$5m to \$40m (£26.7m) last year, with demand suffering from the worldwide economic recession. Israeli cutters and polishers account for almost half of the world trade in polished emeralds.

Israel handles only top quality stones of African origin, because working cheaper qualities from South America would be uneconomical in view of the country's high labour costs, reports L. Daniel in Tel Aviv.

However, costs could soon be brought down as the world's first emerald is now being developed, and should be available to Israeli plants within 18 months.

Details of this project, and of a planned diversification into sapphires, will be given at a four-day conference to be held in the Tel Aviv Hilton later this month, with representatives from all sectors of the international precious stone industry.

Canada's Kiena Gold Mines has turned in a creditable performance during its first full year of operation at its gold mine near Val d'Or in north-western Quebec. From sales of C\$80.4m (£16.9m), the company made net profits of C\$3.7m.

Kiena came into production in the last quarter of 1981, and had sales revenues of C\$7m and a net loss of C\$58,000 for the period.

Falconbridge owns 68 per cent of Kiena.

The International Finance Corporation (IFC), an affiliate of the World Bank, has approved a loan of U.S.\$4m (£2.67m) to Compañia de Minas Buenaventura, in Peru. The funds will go towards the \$22.1m cost of increasing silver production at three mines in the central and southern parts of the country.

The borrower, a private company, has arranged a further \$8m in commercial bank credits and other financing.

By raising output to about 6.9m ounces of silver a year from the present 4.2m oz, the IFC estimates that Peru's foreign exchange earnings from silver exports may increase by around \$20m a year.

The newly-formed St Andrew Goldfields has raised C\$13m (£7.2m) for an ambitious exploration programme on the Stock Township gold property acquired from its parent company, Quebec Sturgeon River Mines.

The property lies to the east of Timmins in north-eastern Ontario, and contains an estimated 580,000 tonnes of ore grading an average of 0.14 ounces (4.55 grammes) of gold per ton.

Three gold-bearing zones on the property are estimated to contain 140,600 tons of ore grading an average of 0.27 oz (8.4 grammes) of gold per ton.

Yesterday's extraordinary meeting of the London-registered Hampton Gold Mining Areas, called to approve a proposed rights issue, was told that construction and commissioning of the Paranga gold joint venture with Australia's CSR is now running two months ahead of schedule and under budget.

Lord Wakehurst, chairman, also disclosed that anthracite production from the Nesquehoning project in the U.S. started before the end of last year.

# United Newspapers plc

WEDNESDAY APRIL 6 1983

## Profit for 1982 up 49.5%

## Growing confidence for 1983

The Chairman, David Stevens, reports

In a year in which the economy sustained long and severe recession, we are pleased that both the newspaper and commercial printing divisions of United Newspapers maintained trading volume. In all it has been an active year, both within the company and with acquisitions, and one in which we have seen profits rise significantly.

At £5,441,000, pre-tax profits increased 49.5% over last year, a figure influenced by the results of companies acquired during the year—in particular The Colonial Securities Trust plc, and PR Newswire Association Inc.

At the trading level, profits rose £1,292,000—an increase of some 43%—with both periodical and printing divisions improving margins and profitability. Investment income was also stronger, and more than doubled over the previous twelve months to £1,325,000, largely because of the contribution of interest on funds realised by the sale of the Colonial Securities investment portfolio. Cash resources at the end of the year amounted to £7,784,000 compared with £4,825,000 for the last year.

Accordingly, we are able to recommend a final dividend of 7.5p per share—bringing the total dividend for the year on ordinary shares to 12p—which is equal to that of last year but on increased share capital.

Earnings per ordinary share are 21.7p, allowing the dividend to be covered 1.7 times by earnings from ordinary activities.

### Capital Investment

We spent more in 1982, with replacement presses bought for our commercial printing companies in Blackpool and Blackburn, and the purchase of accounting computers. This took total expenditure to £3,810,000 compared with £2,254,000 in 1981, £2.6 million of the

cost of the Lancashire centralised printing project falls into 1983, some £539,000 having been spent in 1982.

### Publishing and Printing

Both the newspaper publishing and commercial printing operations are linked to the health of the economy generally, and in the circumstances performed well.

During the year our managers have supported the Newspaper Society initiative "Project Breakthrough" which is aimed at arriving at union agreements in Britain for the sensible use of the newest technology in our newspaper offices. The new systems will shortly become essential if we are to maintain our position as leading information providers in our sales areas.

### Reorganisation for improved efficiency

Our directors share my belief that the only way to achieve future growth in the profitability of the Company is to ensure that we produce in the most efficient and economical way. As such, we have considered it prudent to

change in the year under review £2,441,000 after tax to cover changes in working practices and the costs of reorganisation and closure which have already been incurred, and which are foreseen as likely elsewhere in the group, during 1983. This has been treated as an extraordinary item in the consolidated profit and loss account.

It is a sad consequence of the remedial action that is needed to ensure our survival in a highly competitive environment, that members of our staffs—many of whom are long serving—are being asked to give up their jobs. We are all deeply conscious of the personal difficulties that this will cause; we do, however, have to have proper regard for the thousands of employees who look to us for employment, and whose future livelihood can only be secured by producing our newspapers in the most efficient way possible.

These cost savings will enable further capital investment to take place. Expenditure on new methods, including direct input, will facilitate the fast and efficient production that will enable our newspapers to withstand competition, and expand in the future.

Summary of Results	1982	1981
Year ended 31st December	£'000	£'000
Turnover	97,547	86,517
Profit before taxation	5,441	3,638
Profit after taxation	4,610	2,245
Extraordinary items	(2,441)	(57)
Profit attributable to the members	2,169	2,188
Dividends	2,713	1,832
Final dividend	7.5p	7.5p
Ordinary dividend cover	1.72	1.24
Earnings per share	21.7p	14.9p

### THE ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 23-27, Taylor St., London EC4 on Tuesday, 14 June, 1983 at 12.30pm.



Acquisitions

As previously reported, The Colonial Securities Trust plc was purchased in February 1982 for shares. The investment portfolio was realised for a sum of £10.9 million, with the exception of a small equity holding in an oil production and exploration company in the USA.

As part of the move into information technology, PR Newswire Association, Inc. of New York became a member of the group on 1st September 1982. This has proved a most worthwhile purchase, and has already produced profits in excess of £450,000 for the four months from the 1st September 1982.

In addition, The Soman-Wherry Press Limited of Norwich has joined United Printing Services, and the two retail newsagency companies in Yorkshire were merged to form United News Shops with effect from 1st July.

### The future

The major satisfaction must be that, in spite of unemployment and lack of growth in the economy, our sales teams have by and large held their market shares. We have not been lured into the jungle of indiscriminate price cutting and, in the current circumstances, have done well to hold volumes. Heightened competition has sharpened the edge of our sales effort and this—along with the elimination of loss making parts of our business—will improve our relative performance when the economy recovers.

We look forward to the rest of 1983 with growing confidence.



United Newspapers plc

## OCE-VAN DER GRINTEN N.V.

"This is the twenty-fifth annual report of Océ-van der Grinten N.V. to be published since Océ shares were first listed on the Amsterdam Stock Exchange in October 1958. At that time the share capital amounted to F 2 million, today it stands at over F 36 million. As a comparison with the situation now: sales in 1958 were worth F 16.3 million, whilst the profit amounted to F 1.7 million. The Group then had 600 employees. In contrast: the 1982 sales were F 1,654 million, and the profit F 43.3 million. At the end of 1982 we employed 11,278 people."

The above is an extract from the 1982 Report and Accounts of Océ-van der Grinten N.V., a copy of which can be obtained from the Secretary, Océ Group Holdings Limited, Langston Road, Loughton, Essex IG10 3TH. Telephone: 01-508 5544.

Océ: a leading European manufacturer of copying and dyeline equipment.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares in the Company.

## G.T. DOLLAR FUND LIMITED

Incorporated with limited liability in, and under the laws of Bermuda on 12th March 1970 as an open-ended investment company.

### SHARE CAPITAL

Authorised

US\$

10,000,000

Shares of US \$1 par value each

Issued and fully paid as at 23rd March, 1983

US\$

5,039,090

Application has been made to the Council of The Stock Exchange in London for the whole of the authorised share capital to be admitted to the Official List.

Particulars of the Company are set out on cards circulated by Ertel Statistical Services and copies may be obtained, during usual business hours up to and including 22nd April 1983, from:—

G.T. Management Limited,  
1st Floor, Park House,  
16 Finsbury Circus,  
London, EC2M 7DJ

and

Cazenove & Co.,  
12 Tokenhouse Yard,  
London, EC2R 7AN

6th April 1983



# The Scottish Eastern Investment Trust

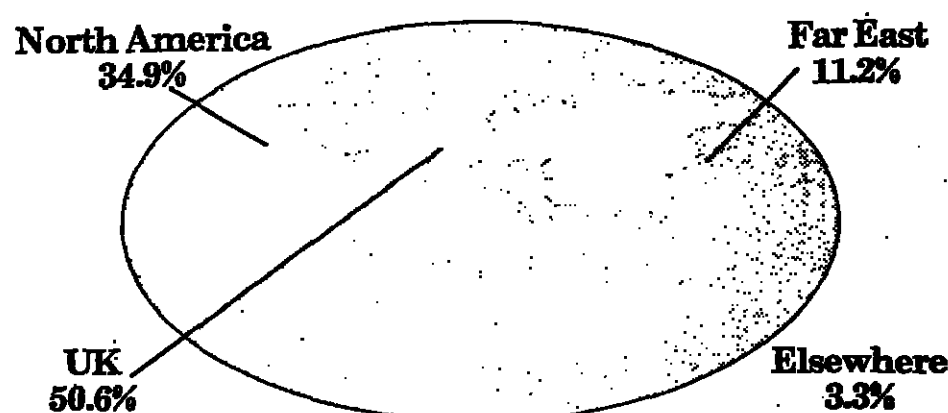
public limited company.

A member of The Association of Investment Trust Companies

## Annual Report Year Ended 31st January 1983

	1983	1982
Earnings per Ordinary Share	3.38p	3.33p
Total Dividends per Ordinary Share	3.35p	3.35p
Net Asset Value per Ordinary Share	145.0p	116.4p

## Geographical Distribution of Portfolio



## The Year in Brief

- Total investments exceed £170 million.
- Net Asset value up 24.6 per cent on last year.
- Dividend maintained despite greater emphasis on capital growth.
- £10 million 30 year debenture issued.
- Ordinary share price up 22p to 110p at 31st January 1983.

To obtain a copy of the Report and Accounts, return this form to The Managers and Secretaries, MARTIN CURRIE & CO, 29 Charlotte Square, Edinburgh EH2 4HA (Telephone 031-225 3811).

Name (Block Capitals please) \_\_\_\_\_

Address \_\_\_\_\_

SE/FT

# U.S. group to acquire full control of P. Brotherhood

BY CHARLES BACHELOR

Thermo Electron, a U.S. manufacturer of energy control equipment, is to acquire full control of Peter Brotherhood, the loss-making Peterborough-based machinery and power plant group, in a deal which values Brotherhood at \$510,000.

The UK group expects to make more than 200 of its 670-strong workforce redundant in a subsequent rationalisation which will be needed to bring it back to profits.

Thermo, based in Waltham, Massachusetts, took a 7 per cent stake in Brotherhood in November 1980 with no intention of increasing its holding. The depth of the recession and the failure of efforts to reorganise the group over the past two years have now prompted a full bid.

Thermo is offering 13.5p cash for each Brotherhood 50p share or 10p cash and one new redeemable preference share of 5p in a newly-formed company, Newco.

The announcement of the offer halved Brotherhood's market valuation when the shares fell 13p to 13p yesterday.

The company's directors own under 1 per cent of its shares but 70 per cent is held by about 20 institutions. Morgan Grenfell, the merchant bank which is advising Brotherhood, said that general discussions with a number of the institutions over the past few weeks had left it confident it would receive their support.

"The real key to our problems is volume," said Mr Philip Salisbury, Brotherhood's managing director. "The recession has affected us throughout the world. We export 70 per cent of our production. We are still taking orders but not at a level to maintain 670 jobs."

Brotherhood reported a pre-tax loss of \$242,000 for the six months ended September 30 1982 compared with a loss of \$233,000 previously. Turnover fell to \$5.5m from \$4.4m.

The company expects to announce a smaller loss in the second half ended March 31 on turnover which recovered to \$2.6m from \$1.5m.

In the year ending March 31 1984, however, Brotherhood foresees a fall in turnover to \$1.5m.

Thermo's offer and the promise of financial support has per-

suaded Brotherhood's bankers to extend their loans.

Brotherhood hopes shortly to complete the sale of a sports ground and other surplus land and buildings to Peterborough City Council for about £700,000.

Thermo experienced a downturn in profits and turnover last year after several years of steady growth. It made an after-tax profit of \$2.6m in 1982 compared with \$8.9m previously on turnover which fell to \$217m from \$221m.

The Newco preference shares will have dividend rights but will be redeemed at a premium of 15p each when the cumulative increase in Brotherhood's reserves from April 1 1983 exceeds \$2.6m, but any event net before March 31 1983.

Mr David Wickins, chairman of British Car Auctions and Attwoods, and includes Michael Ashcroft's Hawley Group, Mr Ashcroft's Lin Pac, and two Robert Fleming investment trusts, made the bid a month ago. It values Cope Allman at \$217m.

Brotherhood members yesterday said no hint that a higher bid was in the offing. Promising a statement tomorrow morning, one member said: "Right now, we really feel that people have to stabilise their minds up. We see no reason for a higher bid."

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# Allied-Lyons expands in North America

BY CHARLES BACHELOR

Allied-Lyons has expanded its North American interests with the purchase of companies in the ice cream and bakery mixes sectors for a combined \$15m (\$8.7m) cash.

Baskin-Robbins, an Allied subsidiary, has acquired ice cream factories and related territorial franchises in Arizona and Michigan.

As an independent company Baskin-Robbins introduced a franchise system to speed up its expansion but Allied is now buying these franchises back where possible, said Mr Len Badham, managing director of the J. Lyons food group.

The company is keen to buy two or three more of these outstanding franchises should the owners decide to sell.

In a separate transaction D.C.A. Industries, an Allied

subsidiary in New York, has bought Thomas A. Steeves, a privately-owned manufacturer of branded and private label mixes for the bakery industry, based in Vancouver, Canada.

DCA already has a plant in Ontario and had considered setting up in Vancouver to serve the other main centre of population in Canada. The purchase of Steeves, which has annual turnover of about \$5m, will speed up penetration of the West coast by DCA.

Allied declined to breakdown the value of the two deals. "They are small but both are tactically important," said Mr Badham. "They will make a very useful contribution to profits."

In August 1982 Tetley, Allied's U.S. tea and coffee subsidiary, paid about \$10m cash for Schonbrunn and Company, a New Jersey-based coffee producer.

# Throgmorton critical of Pentland unitisation plan

BY CLIVE WOLMAN

CITY-BASED Throgmorton Trust yesterday produced the formal offer document to acquire the capital of the Pentland Investment Trust, managed in Edinburgh, which is valued at \$52m.

The takeover bid is being opposed by the East of Scotland Investment Managers who manage Pentland's portfolio.

The document criticises the counter-proposal made by Pentland's managers to merge Pentland with two other Scottish investment trusts and to re-cast their assets worth nearly £110m into four or five separate units.

Throgmorton chairman Mr Maurice Elderfield claims that Pentland's proposed unitisation will put its shareholders' money in "a field where the proposed managers have limited experience."

He also seeks to use a recent statement of Sir Robert Erskine-Hill, the chairman of Pentland, against him.

Pentland shareholders are being offered an approximate 50-50 mixture of shares in Throgmorton and debenture redemption notes in 2010. The value of Throgmorton shares will be set at a discount of 20 per cent to the investment trust's net asset value, while the debenture will bear interest at an annual rate of 14 per cent higher than the gross redemption yield of a comparable long-dated gilt-edged security.

The offer is worth 97 per cent of Pentland's net asset value, which is about 300p per share. Pentland's share price rose 4p yesterday to 272p while Throgmorton's remained unchanged at 144p, a discount of about 36 per cent to net asset value.

Acceptances of the Throgmorton offer must be received by April 26, the document states. Throgmorton is to hold an extraordinary general meeting to reorganise its capital on the same day.

# Second City sees £1.8m

The directors of Second City Properties and their financial advisers consider the terms of the offer for the company from Beazer (Holdings) to be fair and reasonable and unanimously recommended acceptance.

In a letter to shareholders, the Second City directors forecast that for the full year to April 30 1983 profits before tax will be approximately £1.8m and that after deduction of about £390,000 tax earnings will amount to around £1.4m.

An independent professional valuation of Second City's invest-

ment property portfolio as at March 1983 showed that the aggregate open market value of £13.0m, representing a surplus over book value at that date of approximately £2.34m.

Net tangible assets of Second City at April 30 1982, in conjunction with the surplus arising on the property revaluation and the forecast earnings for the year to April 1983 and after deduction of the interim dividend already declared, give rise to a net asset value of approximately £18.86m or 80p per share.

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## BASE LENDING RATES

A.B.N. Bank	10 1/4%	Gulness Mahon	10 1/4%
Al Baraka International	10 1/4%	Hambros Bank	10 1/4%
Allied Irish Bank	10 1/4%	Heritable & Gen. Trust	10 1/4%
Amro Bank	10 1/4%	Hill Samuel	10 1/4%
Bank of America	10 1/4%	C. Hoare & Co.	10 1/4%
Bank of Australia	10 1/4%	Hongkong & Shanghai	10 1/4%
Bank of Canada	10 1/4%	Kingsnorth Trust Ltd	12 %
Bank of China	10 1/4%	Knowles & Co. Ltd.	11 %
Bank of Ceylon	10 1/4%	Lloyds Bank	10 1/4%
Bank of India	10 1/4%	Mallin Ltd	10 1/4%
Bank of Japan	10 1/4%	Edward Manson & Co.	12 %
Bank of Korea	10 1/4%	Midland Bank	10 1/4%
Bank of Kuwait	10 1/4%	Morgan Grenfell	10 1/4%
Bank of Lebanon	10 1/4%	National Westminster	10 1/4%
Bank of Oman	10 1/4%	Norwich Gen. Trst	10 1/4%
Bank of Persia	10 1/4%	Parsons & Co.	10 1/4%
Bank of Portugal	10 1/4%	Royal Trust Co. Canada	10 1/4%
Bank of Saudi Arabia	10 1/4%	Roxburgh Guarantee	10 1/4%
Bank of Singapore	10 1/4%	Slavenburg's Bank	10 1/4%
Bank of South Africa	10 1/4%	Standard Chartered	10 1/4%
Bank of Sri Lanka	10 1/4%	Trade Dev. Bank	10 1/4%
Bank of Swaziland	10 1/4%	Trustee Savings Bank	10 1/4%
Bank of Tanzania	10 1/4%	TCB	10 1/4%
Bank of Uganda	10 1/4%	United Bank of Kuwait	10 1/4%
Bank of Zambia	10 1/4%	Volkswagen Int'l. Ltd.	10 1/4%
Bank of Zimbabwe	10 1/4%	Westpac Banking Corp.	10 1/4%
Bank of Zaire	10 1/4%	Whiteaway Ltd	10 1/4%
Bank of Zanzibar	10 1/4%	Williams & Glyn's	10 1/4%
Bank of Zulu	10 1/4%	Winttrust Secs. Ltd.	10 1/4%
Bank of Zulu	10 1/4%	Yorkshire Bank	10 1/4%

Members of the Accepting Houses Committee.

7-day deposits: 7.5% 1-month: 7.75% 3-month: 8.00% 6-month: 8.25% 12-month: 8.50%

7-day deposits on sums of: under £10,000 7.5%, £10,000 up to £50,000 8.0%, £50,000 and over 8.50%

Call deposits £1,000 and over 7.5%

21-day deposits over £1,000 8.5%

Demand deposits 7.5%

1 Mortgage base rate.

This announcement appears as a matter of record only.

727,000 Shares of Common Stock of US\$0.10 each have been placed

in

CARDIAC CONTROL SYSTEMS, INC.



US\$ 7.75 per Share

Carolina Bank Limited  
14A Austin Friars  
London EC2N 2EH

Laurie, Milbank & Co.  
72/73 Basinghall Street  
London EC2V 5DP

# COPE ALLMAN INTERNATIONAL



TO ALL COPE ALLMAN SHAREHOLDERS

## DOWABLE'S LETTER TO YOU OF 31st MARCH, 1983 IS MISLEADING AND SHOULD BE IGNORED

The letter from Dowable attempts to focus your attention on the last two financial years (a period of major reorganisation) and, by being very selective, it has produced a misleading document which is obviously intended to divert attention from more relevant factors.

For example, you should note that:-

- the annual salary increases for the present executive directors in July 1981 and July 1982 in fact averaged 8.8 per cent, and 6.5 per cent, respectively
- the increase in head office expenses actually related to consultancy services and planned redundancy costs
- the present rate of profitability, as shown by the profit forecast for the second half to 2nd July, 1983, in fact produces an annual rate of return on assets of more than three times Dowable's figure

The relevant factors which Dowable conveniently ignores are that:-

- pre-tax profit for the second half to 2nd July, 1983 is expected to exceed £2.6 million, an increase of more than 68 per cent. over the comparable period in 1982
- following the reduction in the size of the Group, steps are being taken which will achieve savings of around £1.5 million per annum in our central and other costs
- the final dividend will reflect the underlying profitability of the Group
- the recently strengthened management team is confident that the recovery will be sustained and will gather momentum

Dowable clearly cannot dispute these points and therefore chooses to ignore them. Not surprisingly, Dowable concentrates on history whereas shareholders are more concerned with the present and the future. By adopting such tactics, Dowable obviously hopes to gain for itself the emerging benefits which are now showing through strongly. THESE BENEFITS BELONG TO YOU.

Your Board and its financial advisers, Morgan Grenfell & Co. Limited, once again urge you to retain your shares and to participate in the strong recovery.

**DOWABLE'S OFFER OF 60p PER SHARE IS WHOLLY INADEQUATE**  
**HOLD ON TO YOUR SHARES** **TAKE NO ACTION**  
**REJECT THIS OPPORTUNISTIC BID**

This notice should be read in conjunction with the Rejection Document sent to Cope Allman International P.L.C. shareholders on 29th March, 1983.

Each of the Directors of Cope Allman International P.L.C. has taken all reasonable care (either by taking part himself in supervising the preparation hereof, or by delegating the preparation to a duly authorised committee of the Board, and by disclosing to such committee any relevant facts known to him and any relevant opinions held by him) to ensure that the facts stated and opinions expressed herein are fair and accurate. Each Director of Cope Allman International P.L.C. accepts responsibility accordingly.

Arthur Young McClelland Moores & Co. and Morgan Grenfell & Co. Limited have given and have not withdrawn their respective written consents to the extended use of their reports on the profit forecast made by the Directors of Cope Allman for the half year to 2nd July, 1983 and contained in the Rejection Document.

BY DAVID DODWELL

The Dowable consortium, created specifically to bid for Cope Allman International, the packaging, leisure and engineering group, revealed yesterday—the eve of the first closing date for its 60p share offer—that it held 19.7 per cent of Cope Allman's shares.

The announcement coincided with a further call by the Cope Allman board for shareholders to reject the "opportunistic bid" from Dowable.

This latest flurry of appeals to shareholders followed last week's formal defence document from Cope Allman. This included a pre-tax profit forecast of £2.6m for the first half of 1983—compared with a £890,000 loss in the comparable period of 1982.

In its latest statement, Cope

Allman says: "Dowable concentrates on history whereas shareholders are more concerned with the present and the future. By adopting such tactics, Dowable obviously hopes to gain for itself the emerging benefits which are now showing through strongly. These belong to shareholders."

To provide further support for these recovery claims, the company is in the process of preparing a full-year dividend forecast, and a forecast for profits for the first half of the coming financial year, which starts in January.

Dowable, which is headed by

Mr David Wickins, chairman of British Car Auctions and Attwoods, and includes Michael Ashcroft's Hawley Group, Mr Ashcroft's Lin Pac, and two Robert Fleming investment trusts, made the bid a month ago. It values Cope Allman at \$217m.

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Brotherhood

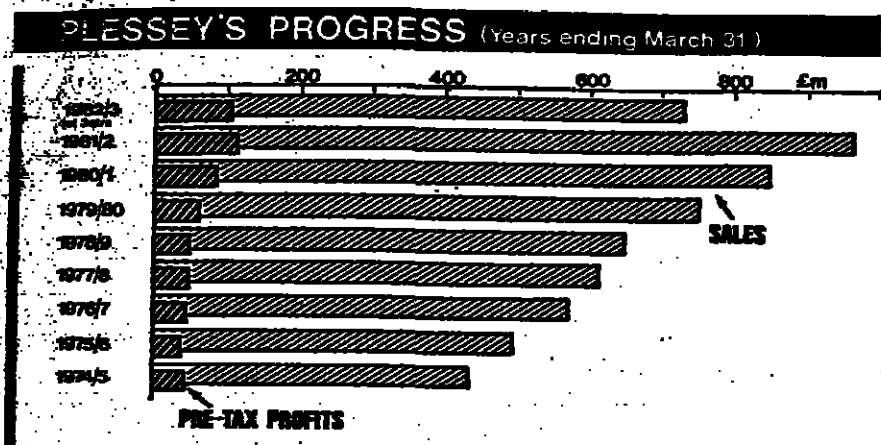


# THE MANAGEMENT PAGE

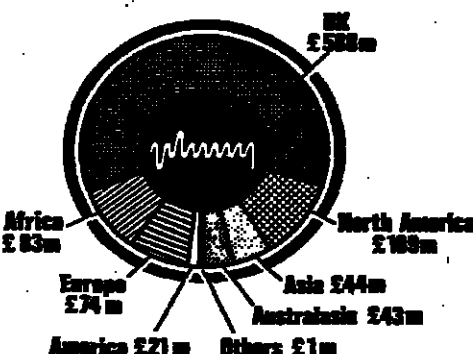
EDITED BY CHRISTOPHER LORENZ

## Why Plessey must play for high stakes in the U.S.

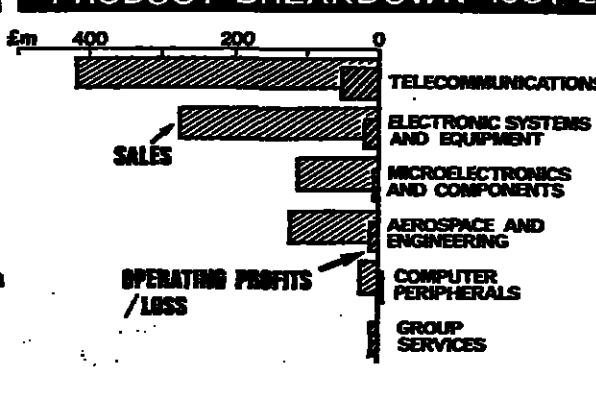
BY GUY de JONQUIERES



SALES 1981/2 (Around the World)



PRODUCT BREAKDOWN 1981/2



Peter Marshall, Plessey's deputy chief executive and chairman of its telecommunications and office systems divisions; Des Pitcher, the division's managing director; and Sydney Topol, chairman and president of Scientific Atlanta

biggest U.S. independent supplier. Total sales this year are expected to be about £100m. Stromberg's main exchange business has lost money for several years but is expected to move into the black in the next year, during which Plessey plans to invest £5m in it. It aims to update Stromberg's exchanges with technology derived from System X and to develop common components for both systems. It hopes later this decade to design a second-generation digital switch which would draw on Stromberg and System X technology.

In the meantime, Pitcher believes that some System X exchanges could be sold in the U.S. and plans to start making a version of the DDX at Stromberg's Florida plant next year. But a resolution must be found first to a lawsuit brought by Rolm, an American telecommunications manufacturer, which alleges that the DDX infringes its patents.

Plessey will not yet say how it plans to market subscriber equipment, such as private exchanges, in the U.S. Stromberg's private equipment sales force went to United Technologies and Plessey will be up against companies such as Rolm, and Northern Telecom of Canada, which possess their own distribution networks.

Competition is also likely to be stiff in the main exchange business. Western Electric (which could re-equip the entire UK telephone system in two years at its current rate of output) is unlikely to give ground without a fight. Other contenders include GTE, International Telephone and Telegraph, Northern Telecom, Sweden's T.M. Ericsson and France's CIT Alcatel.

Plessey is banking, however, on its link with Scientific Atlanta and its planned deal with Burroughs to position itself as a full-range supplier of advanced communications technologies which go well beyond traditional telephony to embrace satellite broadcasting, video-conferencing and cable television.

It is already working closely with Scientific on research and development. Sydney Topol, Scientific's chairman, is enthusiastic about the opportunities for collaboration open to the two companies in Western Europe, the Middle East and Australia as well as the U.S.

Assembling the different elements of the U.S. strategy is likely to absorb a good deal of Plessey's managers' time—and part of the company's cash pile. "A number of our businesses in areas of increasing opportunity require investment and won't always be able to finance growth out of their own resources," says Marshall.

Exactly how the pieces will lock together, and when they will begin to produce real dividends, is still unclear. But one thing is clear, says Marshall: if Plessey is to maintain its new momentum and remain master of its own destiny, the strategy is condemned to succeed.

## Hewlett-Packard office systems talk business sense.



"I can call up a quarterly sales report in seconds from the central database." —Marketing Manager.

Big business computers are usually much too busy to chat to ordinary office people. A Hewlett-Packard computer makes a career of it. Whatever big batch jobs it may be running, it always has time to converse with business people in the language of their jobs.

**Your way of seeing problems**

You'll be reassured at the way an HP computer shows sales trends and market shares the way you want them—as graphs and pie charts.

You'll like the way you can go straight to the data you need (no more, no less) and instantly call up a report, presented in a form you can use.

And you'll especially appreciate the benefits of sharing the same information sources as other departments—like the warehouse and production shop. HP computers speak their language too, remember. So decisions you make will be soundly based on comprehensive situation reports.

However, you'd be wrong to think of an HP computer as just a high-powered decision-making tool. It's also a remarkable medium for day-to-day office communication and organisation.

With HP Interactive Office software, you have what it takes to manage your word processing, your electronic mail, your filing, your telex and your in-house printing.

**HP computers talk business in everyone's language.**

**"Daily stock decisions can be based on up-to-date business trends."** —Warehouse Supervisor.

**HEWLETT PACKARD**

Send to: Hewlett-Packard Ltd, Wokingham, Wokingham, Berks, RG40 3AB.

Please send me a copy of ☐ The Interactive Office Software. ☐ F344A

Please phone me to arrange a meeting ☐

Name \_\_\_\_\_

Position \_\_\_\_\_

Organisation \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Tel No. \_\_\_\_\_ Ext. \_\_\_\_\_

### BUSINESS PROBLEMS

BY OUR LEGAL STAFF

#### Rent arrears and receiver

Six years ago we let a building to a company for which a receiver has now been appointed. In the receiver's obligation to meet rent arrears as a prior claim? He wishes to stay in for 12 more weeks. We supply electricity and water through our own master meter, and have charged the tenant each quarter. Is the receiver obliged to pay the arrears owing for these two supplies? Could we discontinue supply, if he refuses to pay the arrears prior to his taking over his duty?

Is the receiver standing in the shoes of the original limited company tenant and liable for his past actions and under the covenants of the agreed lease? What is the fundamental difference between the liabilities of a receiver to a landlord, as against that of a liquidator carrying out a compulsory liquidation?

Rent and other debts due from the company prior to the appointment of the receiver are not preferential debts, but rank with other unsecured creditors' claims. If, however, the receiver has agreed to a specified continuance of the lease, the rent and other outgoings must be paid by him in full. You cannot discontinue services for non-payment of the arrears before the date of the receiver's appointment. Claims which you may have against the company for breach of covenant are like the debts of the company which rank with the general body of creditors. The receiver has a duty only to get in assets of the company and to pay out the creditor who appointed him—not to wind up the company. A liquidator is only appointed on a winding up and so has to liquidate all the affairs of the company, as such he has special powers to disclaim a lease which he regards as onerous to the company. You can of course petition for a compulsory liquidation of the company if more than £200 is owed for arrears of rent and outgoings and it is not paid.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Two ways to manage a project



**The exciting way.**

Very few projects run according to plan. Time scales have to be re-scheduled to accommodate unforeseen stoppages. Resources need juggling to meet new deadlines. Budgets have to be re-assessed as costs overtake original estimates. And the knock-on effects have a nasty way of making everything more complex and unmanageable.

So, running a project "blind" is a sure way to keep the adrenalin flowing.

It's also a sure way to end up over time, over budget, and having a hard time explaining it all to the client.

**SIA's predictable alternative**

What SIA Computer Services have to offer is not so exciting. But it does have some advantages. SIA's project management systems put you in the driving seat.

You start with a better plan that's easier to run, has flexibility built in to the scheduling, maximises the use of resources, and allows you to control costs.

You save time because the systems are easy to learn, require minimum inputs, and

**The SIA way.**

provide you with exactly the results you want. You save on cost because SIA systems are advanced in design, and their efficient programming, flexible features and outstanding performance mean your network planning will be economical. Your procurement operations can also be more cost-effective.

You enjoy immediate accessibility to SIA systems, without capital costs, and with no limitation on the capacity of the systems to accommodate future projects.

Above all, with SIA's full support back-up you can be using an efficient system more quickly and in the most effective way. Help and advice from professionals is quickly available whenever you need it. SIA's systems are adaptable for all types and sizes of projects, and have a multiplicity of advanced features.

**Talk to SIA today about your next project. You'll be excited by the advantages they have to offer—but using them won't make your pulse race!**

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COMPUTER SERVICES  
understanding is our business

The Marketing Unit, SIA Computer Services, Ebury Gate, 23 Lower Belgrave Street, London SW1W 0NW. 01-730 4544.

Offices also in: Aberdeen, Birmingham, Edinburgh, Glasgow, Manchester, Nottingham, Oxford, Perth, Teesside, Telford, York.



# AUTHORISED UNIT TRUSTS

Unit Trust Name	Manager	Investment Objective	Current Price	Change
Abney Unit Trst. Mgrs. (a)	1-11 St Paul's Churchyard EC4A 4AH	01-236 1633	100.00	0.00
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# FT UNIT TRUST INFORMATION SERVICE

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# TRADED OPTIONS

Option	Strike	Call	Put	Delta	Gamma	Vega	Rho	Theta
BP (USP 348)	350	84	14	0.50	0.05	0.10	0.02	0.01
CGF (USP 490)	480	78	22	0.50	0.05	0.10	0.02	0.01
CTD (USP 94)	70	25	75	0.50	0.05	0.10	0.02	0.01
QUA (USP 184)	120	15	85	0.50	0.05	0.10	0.02	0.01
GEO (USP 198)	180	24	76	0.50	0.05	0.10	0.02	0.01
GM (USP 320)	320	22	78	0.50	0.05	0.10	0.02	0.01
ICI (USP 394)	390	22	78	0.50	0.05	0.10	0.02	0.01
LS (USP 512)	510	22	78	0.50	0.05	0.10	0.02	0.01
M & S (USP 108)	100	40	60	0.50	0.05	0.10	0.02	0.01
SHL (USP 478)	480	22	78	0.50	0.05	0.10	0.02	0.01

Option	Strike	Call	Put	Delta	Gamma	Vega	Rho	Theta
BBL (USP 484)	480	22	78	0.50	0.05	0.10	0.02	0.01
IMP (USP 108)	100	40	60	0.50	0.05	0.10	0.02	0.01
LMO (USP 328)	320	22	78	0.50	0.05	0.10	0.02	0.01
LNR (USP 68)	60	7	93	0.50	0.05	0.10	0.02	0.01
P & O (USP 138)	130	15	85	0.50	0.05	0.10	0.02	0.01
RCL (USP 421)	420	22	78	0.50	0.05	0.10	0.02	0.01
RTZ (USP 508)	500	22	78	0.50	0.05	0.10	0.02	0.01
VRF (USP 108)	100	40	60	0.50	0.05	0.10	0.02	0.01

# WORLD GOLD in 1983 & 1984

The fifth FT Gold conference to be held in Lugano, Switzerland on 22 and 23 June 1983 will stress the market production and investment outlook. The silver market and gold-silver price relationships together with monetary questions will also be analysed.

Robert Guy of Rothschilds will chair the first day and give the Opening Address. The speaker platform will be as authoritative as at previous meetings in this well-regarded series.

For further details please contact:  
FINANCIAL TIMES CONFERENCE ORGANISATION  
TELEPHONE: 01-621 1255  
TELEX: LONDON 2736 FTCONF G

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Tel: 0611/75980, Telex: 416 193  
or Laurence Allen, Financial Times, 75 Rockefeller Plaza, New York, N.Y. 10019.  
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Prices are in pence unless stated otherwise. **Quotations include** the following: **1** Freight charges to the U.S. **2** Insurance charges **3** U.S. dollar equivalent of the local currency **4** **Yields %** (shown in last column) **5** **Initial fee** **6** **Buying expenses** **7** **Offered prices** include all expenses. **8** **Today's prices** **9** **Yield** based on offer price. **10** **Estimated** **11** **Today's opening price** **12** **Distribution** **13** **Free of UK taxes** **14** **Periodic premium** **15** **Insurance** **16** **Price** **17** **Simple premium** **18** **Insurance** **19** **Offered price** **20** **Yield** **21** **Yield** **22** **Yield** **23** **Yield** **24** **Yield** **25** **Yield** **26** **Yield** **27** **Yield** **28** **Yield** **29** **Yield** **30** **Yield** **31** **Yield** **32** **Yield** **33** **Yield** **34** **Yield** **35** **Yield** **36** **Yield** **37** **Yield** **38** **Yield** **39** **Yield** **40** **Yield** **41** **Yield** **42** **Yield** **43** **Yield** **44** **Yield** **45** **Yield** **46** **Yield** **47** **Yield** **48** **Yield** **49** **Yield** **50** **Yield** **51** **Yield** **52** **Yield** **53** **Yield** **54** **Yield** **55** **Yield** **56** **Yield** **57** **Yield** **58** **Yield** **59** **Yield** **60** **Yield** **61** **Yield** **62** **Yield** **63** **Yield** **64** **Yield** **65** **Yield** **66** **Yield** **67** **Yield** **68** **Yield** **69** **Yield** **70** **Yield** **71** **Yield** **72** **Yield** **73** **Yield** **74** **Yield** **75** **Yield** **76** **Yield** **77** **Yield** **78** **Yield** **79** **Yield** **80** **Yield** **81** **Yield** **82** **Yield** **83** **Yield** **84** **Yield** **85** **Yield** **86** **Yield** **87** **Yield** **88** **Yield** **89** **Yield** **90** **Yield** **91** **Yield** **92** **Yield** **93** **Yield** **94** **Yield** **95** **Yield** **96** **Yield** **97** **Yield** **98** **Yield** **99** **Yield** **100** **Yield** **101** **Yield** **102** **Yield** **103** **Yield** **104** **Yield** **105** **Yield** **106** **Yield** **107** **Yield** **108** **Yield** **109** **Yield** **110** **Yield** **111** **Yield** **112** **Yield** **113** **Yield** **114** **Yield** **115** **Yield** **116** **Yield** **117** **Yield** **118** **Yield** **119** **Yield** **120** **Yield** **121** **Yield** **122** **Yield** **123** **Yield** **124** **Yield** **125** **Yield** **126** **Yield** **127** **Yield** **128** **Yield** **129** **Yield** **130** **Yield** **131** **Yield** **132** **Yield** **133** **Yield** **134** **Yield** **135** **Yield** **136** **Yield** **137** **Yield** **138** **Yield** **139** **Yield** **140** **Yield** **141** **Yield** **142** **Yield** **143** **Yield** **144** **Yield** **145** **Yield** **146** **Yield** **147** **Yield** **148** **Yield** **149** **Yield** **150** **Yield** **151** **Yield** **152** **Yield** **153** **Yield** **154** **Yield** **155** **Yield** **156** **Yield** **157** **Yield** **158** **Yield** **159** **Yield** **160** **Yield** **161** **Yield** **162** **Yield** **163** **Yield** **164** **Yield** **165** **Yield** **166** **Yield** **167** **Yield** **168** **Yield** **169** **Yield** **170** **Yield** **171** **Yield** **172** **Yield** **173** **Yield** **174** **Yield** **175** **Yield** **176** **Yield** **177** **Yield** **178** **Yield** **179** **Yield** **180** **Yield** **181** **Yield** **182** **Yield** **183** **Yield** **184** **Yield** **185** **Yield** **186** **Yield** **187** **Yield** **188** **Yield** **189** **Yield** **190** **Yield** **191** **Yield** **192** **Yield** **193** **Yield** **194** **Yield** **195** **Yield** **196** **Yield** **197** **Yield** **198** **Yield** **199** **Yield** **200** **Yield** **201** **Yield** **202** **Yield** **203** **Yield** **204** **Yield** **205** **Yield** **206** **Yield** **207** **Yield** **208** **Yield** **209** **Yield** **210** **Yield** **211** **Yield** **212** **Yield** **213** **Yield** **214** **Yield** **215** **Yield** **216** **Yield** **217** **Yield** **218** **Yield** **219** **Yield** **220** **Yield** **221** **Yield** **222** **Yield** **223** **Yield** **224** **Yield** **225** **Yield** **226** **Yield** **227** **Yield** **228** **Yield** **229** **Yield** **230** **Yield** **231** **Yield** **232** **Yield** **233** **Yield** **234** **Yield** **235** **Yield** **236** **Yield** **237** **Yield** **238** **Yield** **239** **Yield** **240** **Yield** **241** **Yield** **242** **Yield** **243** **Yield** **244** **Yield** **245** **Yield**







SECTION III - INTERNATIONAL MARKETS  
**FINANCIAL TIMES**

Wednesday April 6 1983

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## WALL STREET

Institutions  
resist  
temptation

U.S. FINANCIAL markets remained under the spell of short-term interest rates yesterday. Some excitement was kindled at the opening of the session after a senior, but unidentified, official of the Federal Reserve Board was reported as saying long-term interest rates were too high, in view of the slackening of inflationary pressures and the need to nurture the economic recovery.

Terry Byland in New York:

Bond prices opened higher in response, but the gains were quickly wiped out by the market traders. When it became clear that the investment institutions would not be tempted back into the market, the early gains were cut back.

Gains on share markets were replaced with small losses towards the end of the session. Selling was light but the absence of the major institutional investors left prices unsupported.

At the close, the Dow Jones industrial average was 7.45 points off at 1120.16.

A further discouragement to the rally in bond prices was a fresh rise in the Federal Funds rate to 9% per cent. At

this level the Federal Reserve intervened with \$2bn in customer repurchases, making a total of \$8bn since the end of last week.

The market made little response to the Fed move. It was noted that the Fed was acting to hold the funds rate down to around 9 per cent, but not to try to push it any lower.

The mid-session three-month Treasury bill stood at a discount of 8.58 per cent with the six-month bills at 8.58 per cent. The benchmark long bond, the Treasury 10% of 2012 had been as high as 98% before reacting to 97%.

The corporate bond sector saw a batch of new issues, including \$125m in 10-year bonds for Delta Airlines and \$200m in 40-year bonds for Sobel.

Meanwhile there was renewed demand for oil stocks which attracted institutional buyers in the past three trading sessions. Atlantic Richfield again headed the list of active stocks at mid-session, rising 3% to \$42. Standard Oil of Ohio, \$3-54 higher at \$44, also attracted the buyers. Exxon traded \$1-58 up at \$31.

Among the leading industrials, General Motors regained 3% to \$58 and Chrysler at \$17% recorded a block trade.

IBM strengthened to \$103, a gain of 5%, after the announcement of a new range of equipment. Also in the information processing sector Data General added \$3% to \$65 in active trading after pleasing the market with its latest trading results.

Tandy, the personal computer manufacturer, gained 3% to \$57% on the news of sharply increased sales. A weak spot

was Prime Computer which fell \$6 to \$35 after forecasting lower profits in the first quarter.

Airline stocks firmed up, headed by Pan American at \$54, a gain of 3% and UAL, 3% better at \$34. Trans World jumped 1% to \$36 in response to a claim by Odyssey Partners that its plan to break up the company could bring in more than twice the current share price.

Shares in Baldwin-United rose 1% to \$14 after the board said it was near agreement on postponement of bank debt payments.

Stocks were firmer in Toronto, but the trading pace continued to be slow. All 14 of the stock groups moved higher, paced by gains in the golds, oils and real estate sectors. Montreal stocks were also slightly ahead, led by industrial and utilities, as banks showed weakness.

## EUROPE

Rate outlook  
provides  
strong prop

A SOFTER dollar and pointers to an easing in interest rates provided a two-pronged impetus to bourse prices yesterday, although Wall Street's overnight wavering had a detrimental effect in many centres.

A late surge took Frankfurt strongly upward as buyers from abroad moved in. Dealers said trading was also stimulated by the introduction of simplified rules for the options market, thus generating fresh demand for the underlying shares.

Although blue chips were to the fore, the gains were inadequately reflected in the mid-session calculations of the Commerzbank index of 60 leaders, 0.3 firmer by that stage at a 13-year high of 909.3, and its 100-share FAZ counterpart, a bare 0.02 higher at 301.46.

Banks were more subdued, showing rises of 80 Pfg each for Commerzbank and Dresdner to DM 160.80 and DM 171.30 respectively. Deutsche Bank, a laggard last week, picked up DM 1.60 to DM 326. Public authority bonds were neglected but steady, and the Bundesbank sold DM 8.3m in paper, down from Thursday's DM 35.1m worth.

Brussels was buoyed by an expected bank rate cut after the Banque Nationale de Belgique trimmed rates on short-term Treasury certificates by a quarter-point to 11.75 per cent. Fairly active trading took stocks mainly higher, with Gevaert up Bfr 80 to Bfr 2,180 and Kredietbank Bfr 90 to Bfr 5,590.

Steels were generally lower, however. Arbed shed Bfr 24 to Bfr 1,142 despite reports that the Luxembourg Government was proposing a five-year aid package.

A half-point fall in Dutch call money was of little help to an unsettled Amsterdam, however. Domestic issues drew comfort from a fall in the country's producer price index for January but internationalists showed mixed fortunes.

Royal Dutch added Fl 3.20 to Fl 113 but Unilever slipped Fl 1.20 to Fl 218.30.

Insurance issues were in demand in a steady Zurich session, allowing rises of SwFr 65 apiece for Winterthur at SwFr 2,975 and Zurich Insurance at SwFr 17,300. Of the financials Oerlikon-Bührle improved SwFr 30 to SwFr 1,480. The industrials were featured by a SwFr 75 gain for retailer Globus at SwFr 2,725.

Domestic bonds displayed setbacks for new issues, with the par-priced Canton of Bern ending its first day at 99%.

A quietly firmer trend developed in Paris on selective foreign support. Bouygues in construction added FFr 17 to FFr 607. Electricals showed Thomson-CSF FFr 7 stronger at FFr 205.

Milan was also quiet but displayed weakness, especially in banks and insurances. Banca Commerciale, which later reported a 1982 income boost, shed L900 to L33,900 and Generali L2,325 to L135,850.

An otherwise weaker Vienna featured a Sch 29 leap by Steyr-Daimler-Puch to Sch 156. Madrid revived, with Banco Bilbao eight points ahead at 248 per cent of nominal value.

## AUSTRALIA

## Stores busy

THE RETAIL stores sector was again the focus of Sydney interest as Grace Bros - the target of a \$A260m takeover offer from Bond Corporation - surged 55 cents to \$A4 while Bond held at \$A1.01 and Myer Emporium, reputed to be preparing a counter-bid, shed 10 cents to \$A1.35.

Turnover in Grace Bros reached 208,589 shares, a substantial portion of the low overall volume worth some \$A10.25m.

Resources provided the greatest weight in a general cautious advance, taking the All Ordinaries index three points higher at 515.7. Santos, leading an oil and gas rally, moved up 20 cents to \$A4.60 and Vamgas a similar amount to \$A4.20.

Melbourne remained closed after Easter, as did the Johannesburg market.

## LONDON

Sterling's  
recovery  
aids gilts

STERLING'S continued recovery - the rate went above \$1.50 and was also sharply better against other leading currencies - ensured early firmness in London stock markets when business resumed yesterday after the Easter holiday. Financial year-end factors, however, again limited trade and only the gilt-edged sector was able to maintain the initial improvement.

The current upward pressures on short-term U.S. interest rates and reports of a division among Federal Reserve policy-making officials over the conduct of monetary policy, failed to dissuade London gilt-edged investors.

Funds were directed mainly to the longer-end of the market, still free of Government tap, and selected high-coupon issues rose 1/4 more. Still inhibited by end-year considerations, the shorts struggled to hold gains of about 1/4.

Equity markets began the final leg of the three-week trading account briskly, helped by transactions involving the establishment of capital gains or losses.

Attention was soon diverted to Thomson-Tilling on news that BTR was attempting to purchase 14.99 per cent of its equity capital at 175p per share. Tilling jumped 40p to match the price offered, but the raid was unsuccessful since less than half of the desired number of shares was acquired.

BTR fell sharply to 433p and, being a constituent of the FT Industrial Ordinary index, influenced the measure. Movements among remaining constituents were generally small and varied, but the index closed at 854.0, down 1.1, which was attributable to BTR. On a broader scale, falls in FT-quoted industrials outnumbered rises by seven to four.

South African golds and financials staged another strong advance, boosted

by the renewed firmness of the bullion price.

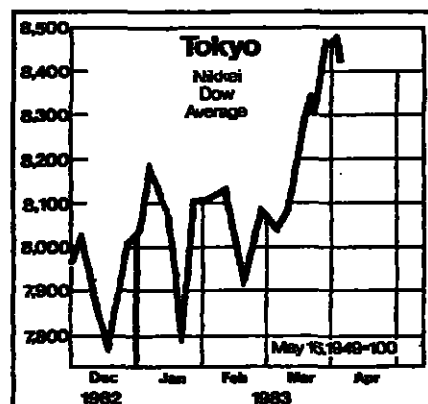
The sharp gains in U.S. markets during the UK holiday ensured a firm opening in London. Thereafter prices made gradual, but significant, progress throughout the session to close at or around the day's best levels.

The FT Gold Mines index posted a further 22.8 gain at 582.5, to show a rise of 51 points over the past three trading days.

The outstanding performances in the heavyweights came from Vaal Reefs and Randfontein which both moved up around £3, to £71% and £90% respectively.

London financials met persistent demand and closed with substantial gains. RTZ featured with a rise of 12p at 17p and attracted significant support in after-hours trading, ahead of the figures due on April 14.

Golds were prominent in an otherwise quietly firm Australian sector. Share information service, Pages 30-31



## FAR EAST

Tokyo seeks  
equilibrium  
in reversal

A HALT was called yesterday to the Tokyo market's two-week excursion at record levels as speculatives and interna-

tional populars alike yielded to sporadic profit-taking.

The consensus among dealers was that the market merely needed a breathing space, with investors becoming uneasy at the unparalleled heights attained by the Nikkei-Dow Jones market average, which came back 65.48 to 8,420.34.

Volume was on the thin side, however, at some 280m shares, and one broker greeted the downturn as a chance for the overall market to catch up with the higher priced issues, without which it would become overextended.

The stock exchange index relinquished 3.96 to finish at 810.59, and losses outnumbered gains by 443 to 235.

The Japanese Government's stimulatory economic package, unveiled yesterday, had been largely discounted in advance and had no significant impact.

Electrical, precision instrument and pharmaceutical issues showed marked falls. Sony shed Y70 to Y3,520, Hitachi Y9 to Y776, Fuji Photo Film Y20 to Y1,660 and Sharp Y10 to Y1,230.

Sekisui Chemical, which announced an advance in monitoring health during pregnancy, nonetheless slipped Y2 to Y335. Toyota fell Y20 to Y1,040 but Honda recovered Y7 to Y820 after a Y37 slide on Monday.

Government bond prices eased in light trading, with yields up six basis points at the long end. Banking officials said the flotation of new 10-year national bonds, expected within a few days, would mark the start of "window" sales by the banks to the public.

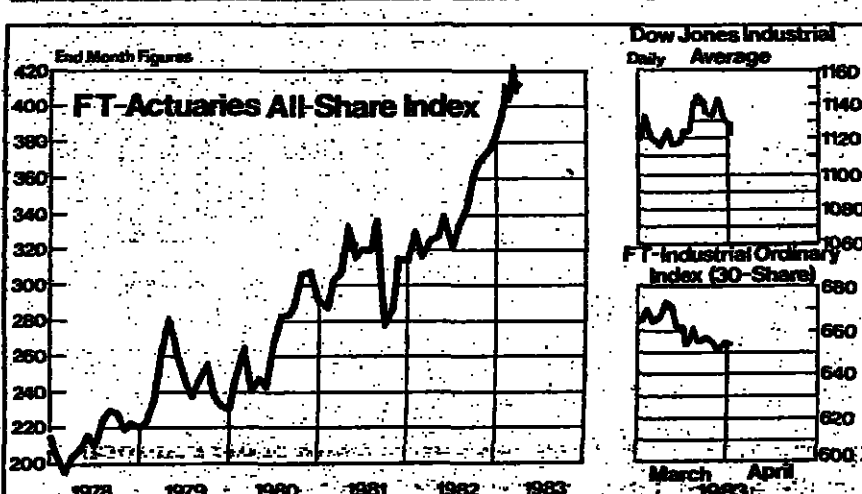
The absence of buying support in Singapore showed itself in a further downward drift in prices, leaving the Straits Times industrial index 7.21 off at 558.08 in moderate trading.

Fraser and Neave moved 20 cents lower to \$S7.60. Hume Industries the same amount to \$S5.20, Straits Trading and Development Bank 10 cents each to \$S6.20 and \$S8 respectively.

Selangor Properties, Singapore Land and Hong Leong Industries also lost 10 cents to a respective \$S5.35, \$S8 and \$S8.20.

Haw Par, which sold another 3.7m shares in Cheung Kong of Hong Kong - reducing its stake to 5m shares and producing an extraordinary profit put at \$S8.5m - eased four cents to \$S2.78. Hong Kong itself was closed for the Ching Ming festival.

## KEY MARKET MONITORS



STOCK MARKET INDICES			
	NEW YORK	APR 5	PREVIOUS
FT Industrials	1120.16	1127.61	835.39
DJ Transport	503.70	508.99	338.14
DJ Utilities	124.68	125.05	110.16
S&P Composite	153.67	153.01	114.73

LONDON			
	FT Ind Ord	APR 5	PREVIOUS
FT All-Share	412.09	411.94	315.98
FT-A 500	448.82	448.16	338.77
FT-A Ind	414.34	414.27	308.55
FT Gold mines	582.5	582.5	257.4
FT Govt seps	80.97	80.82	69.34

TOKYO			
	Nikkei Dow	APR 5	PREVIOUS
Nikkei Dow	810.59	810.59	835.39

AUSTRALIA			
	All Ord.	APR 5	PREVIOUS
All Ord.	515.7	515.7	461.2
Metals & Mins.	475.3	469.3	325.4

AUSTRIA			
	Credit Aktien	APR 5	PREVIOUS
Credit Aktien	52.89	52.38	53.42

BELGIUM			
	Belgisch SE	APR 5	PREVIOUS
Belgisch SE	117.45	116.16	102.43

CANADA			
	Composite	APR 5	PREVIOUS
Composite	2168.3	2156.0	1580.70
Montreal Industrials	369.85	361.94	278.65
Combined	369.21	357.79	265.81

DENMARK			
	Copenhagen SE	APR 5	PREVIOUS
Copenhagen SE	131.92	133.21	94.91

FRANCE			
	CAC Gen	APR 5	PREVIOUS
CAC Gen	118.7	114.80	100.0
Ind. Tendance	123.4	122.40	113.4

WEST GERMANY			
	FAZ-Aktien	APR 5	PREVIOUS
FAZ-Aktien	301.46	301.44	239.45
Commerzbank	908.3	909.0	728.8

HONG KONG			
	Hing Sing	APR 5	PREVIOUS
Hing Sing	closed	996.01	1196.27

ITALY			
	Banca Com.	APR 5	PREVIOUS
Banca Com.	210.73	213.2	198.22

NETHERLANDS			
	ANP-CBS Gen	APR 5	PREVIOUS
ANP-CBS Gen	127.4	127.1	92.4
ANP-CBS Ind	127.1	108.4	73.9

NORWAY			
	Osto SE	APR 5	PREVIOUS
Osto SE	154.18	153.63	100.39

SINGAPORE			
	Straits Times	APR 5	PREVIOUS
Straits Times	858.08	855.29	737.24

SOUTH AFRICA			
	Golds	APR 5	PREVIOUS
Golds	closed	759.5	478.7
Industrials	closed	824.8	591.3

SPAIN			
	Madrid SE	APR 5	PREVIOUS
Madrid SE	113.26	112.37	124.68

SWEDEN			
	J & P	APR 5	PREVIOUS
J & P	1280.13	1289.40	577.02

SWITZERLAND			
	Swiss Bank Ind	APR 5	PREVIOUS
Swiss Bank Ind	314.5	314.2	262.1

WORLD			
	Capital Int'l	APR 5	PREVIOUS
Capital Int'l	165.1	165.1	130.7

GOLD (per ounce)			
	APR 5	PREVIOUS	YTD
London	\$430.00	\$414.50	\$414.50
Frankfurt	\$429.25	\$414.50	\$414.50
Zurich	\$427.50	\$414.50	\$414.50
Paris (fading)	\$428.05	\$418.44	\$418.44
New York (April)	\$428.00	\$427.50	\$427.50

FT

A FINANCIAL TIMES CONFERENCE  
**The FT World Gold Conference**  
-The Outlook for Gold & Silver  
Lugano, Switzerland 22 & 23 June 1983

Over the last ten years the Financial Times has sponsored World Gold conferences whenever the outlook has suggested the value of a seminar devoted to examination of trends in the markets, prospects in the main producer countries and assessment of monetary aspects. To be chaired by Mr Robert Guy of Rothschilds and Mr Hubert Baschnagel of Swiss Bank Corporation this year's conference has attracted an extremely distinguished panel of speakers. For the first time silver will also be included.

Speakers will include:

Dr C L Stals  
South African Reserve Bank  
Mr Paul Zubler  
Union Bank of Switzerland  
Mr D Suskind  
J Aron & Co/Goldman Sachs & Co  
Mr Robert M Rubin  
Drexel Burnham Lambert  
Mr Rene Larre  
Schneider SA  
Mr U Kunze  
Degussa AG

Dr Henry G Jarecki  
Mocatta Metals Corporation  
Mr John Forsyth  
Morgan Grenfell & Co Ltd  
Mr Meinhard Carstensen  
Dresdner Bank AG  
Mr Timothy Green  
Consolidated Gold Fields  
Mr Thomas Wolfe  
Wolfe/Wire Inc  
Mr T M Othman  
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**Continued on Page 27**

The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.



Prices at 3pm April 5

**Continued on Page 2**

**Continued on Page 2**

a-dividend no extra(s), b-annual rate of dividend plus stock dividend, c-liquidating dividend, d-called, e-new year's Eve, f-dividend declared or paid in preceeding 12 months, g-low, h-dividend in Canadian funds, subject to 15% non-residence tax, i-dividend declared or paid in preceeding 12 months, j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting, k-dividend declared or paid this year, an exclusive issue with dividends in arrears, l-dividend declared or paid this year, m-dividend declared or paid with the start of interest, n-next day delivery, P/E-price-earnings ratio, o-dividend declared or paid in preceeding 12 months, plus stock dividend, p-a stock split, Dividends begin to accumulate, q-dividend declared or paid in preceeding 12 months, r-dividend, estimated cash value on ex-dividend or ex-distribution date, s-New Year's Eve, t-trading halted, u-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, v-dividend declared or paid with warrants, w-dividend declared or paid with warrants, x-ex-dividend or ex-rights, yd-x-as-distribution date without warrants, z-ex-dividend and sales in full, yd-y-as-is in full







## COMMODITIES AND AGRICULTURE

## Producers give neighbourly welcome to new tin association

Wong Sulong writes from Kuala Lumpur

THE ASSOCIATION of Tin Producers (ATPC), formed by seven tin producers at a meeting in London last week, will be an organisation that will be "fully equipped with the necessary institutional and financial provisions" to protect the interests of producers, says Paul Leong, Malaysia's Minister of Primary Industries, said in Kuala Lumpur yesterday.

Data Leong was visibly satisfied with the outcome of the meeting. "We got what we want—an association that will be an effective backup to the International Tin Agreement."

The agreement to set up the ATPC was a compromise between the world's two tin producers and neighbours—Malaysia and Indonesia.

The formation of the ATPC was a Malaysian initiative, not viewed with enthusiasm

by Indonesia, which normally, because of its size and historical background, takes the lead in South-east Asian affairs.

Data Leong admitted that in the earlier stages of discussion, there were "fundamental differences" between the two countries.

Malaysia, engaged by what it considered to be "sabotage" by the United States' continual sale of tin in an already depressed market, and frustrated by a very costly struggle to push up prices, decided to push for a tin association.

The ATPC is expected to assume its former role as number one producer.

Malaysia also gave an assurance that it has no intention

of turning the ATPC into a cartel, like OPEC. It agreed that the ATPC would be a mechanism of last resort, meaning it would act only in situations where the tin market is collapsing, and when the ITC is unable to check prices from plunging down.

What emerged from London is an ATPC that will have powers to intervene in the market in times of crisis, but such powers are not specifically spelt out in the agreement. The council of ministers, the supreme body of the association, will decide on what actions needed to be taken.

"It does not necessarily seek to control tin exports or to control tin prices," said a senior Malaysian official. "The council of ministers can decide on production control,

which is more effective than export control because the tin stays under the ground."

Instead of the one country vote principle, the ATPC voting and financial contributions would be based on production levels, so that the respective percentages are: Malaysia (34.84), Indonesia (28.5), Thailand (18.39), Bolivia (16.1), Australia (7.51), Nigeria (1.35) and others (1.37).

Other tin producers such as Brazil, China and Burma are invited to join, and the percentages would vary accordingly.

However, for the adoption of any resolution, a two-thirds majority is required so that in the final analysis, the proposed ATPC will be a South-east Asian-led organisation.

The association will take under its umbrella the producer-owned International Tin Research Institute but will operate independently of the ITC.

## Labour accused of farm rates 'about-turn'

By Our Commodities Staff

THE LABOUR PARTY has been accused by the Country Landowners' Association of "an astonishing about-turn" in calling for farmers to pay rates on their land.

Its campaign document, New Hope for Britain, proposes an end to the de-rating of farm land, a proposal similar to one recently resisted by Mr John Silkin, the last Labour Agriculture Minister.

"It was a bad idea to rate agriculture when the Labour Party was in power, it is still a bad idea today," said Mr James Douglas, the CLA director-general.

WEST GERMAN farm minister Ignaz Kiechle will visit EEC capitals in the next two weeks to discuss agricultural prices.

COARSE GRAIN production is expected to drop worldwide this year, mainly because of reduced U.S. acreage. The FAO expects a harvest of 715-775m tons, down from 1982's record 800m tons.

## Groundnuts harvest should help Senegal

FORECASTS of a further improvement in the 1982-83 groundnut crop (Nov-Oct) will stimulate the recovery of the Senegalese economy from its worst recession since independence from France in 1960.

The groundnut industry forecasts that the marketable crop will be 15 per cent up on this season's 620,000 tonnes, compares with only 60,000 tonnes was purchased by the refinery and the 1975-76 record of 1.1m tonnes.

Groundnuts are the backbone of the Senegalese economy. The sharp improvement in this season's crop is largely responsible for an estimated 12 per cent real GDP growth in 1982. This follows a 17 per cent decline in

state controlled oil refineries, Sonacore and Seih, will continue to operate well below capacity. The two companies own all refineries with an overall capacity of 800,000 tonnes a year. This includes Sonacore's 300,000 tonnes refinery in Dakar—the world's largest.

Although export volume has grown substantially in 1980-81, earnings have not risen proportionately. Groundnut oil prices fell to \$475 a tonne in November 1982 from an average \$1,111 in the 1980-81 season. This is the lowest level in dollar terms for ten years, according to industry sources.

The government has raised producer prices 40 per cent between 1980-82 and wiped out \$50m of farmers' debts.

France remains by far the largest market, taking 80 per cent of ground nut oil exports. Groundnut cake exports have been badly affected by aflatoxin disease which led to the progressive closing of the main European markets, including France and the UK.

Although rainfall is beyond its control, the Government has acted to improve the commercial situation.

Fertilisers are now marketed directly by the producer but the new system of cash payments has led to a sharp decrease in consumption by farmers this year, aggravated by distribution difficulties.

The Government also doubled fertilizer prices though they remain less than half the real market price.

While the domestic situation is improving, the international market is still in a state of optimism. In spite of the development of fishing, tourism and phosphates the Senegalese economy will still be dangerously dependent on unpredictable groundnut crops.

In spite of the improvement in this year's crop, the two

## Cocoa dealers reduce supply deficit forecast

By JOHN EDWARDS, COMMODITIES EDITOR

LONDON COCOA dealers Gill and Duffus have sharply reduced their forecast of a supply deficit for the 1982-83 season to 54,000 tonnes, in the latest market report, out today.

In the previous report, in early February, the company estimated world production would fall short of consumption by 75,000 tonnes—the first deficit for five years.

Expected world production is now put out at 295,000 tonnes compared with the previous estimate of 270,000 tonnes.

However, the report is more concerned with a lower than expected rise in demand. Seasonal production is expected to be 1,280,000 tonnes whereas the February report prediction was 1,600,000 tonnes.

It is thought that the disappointing increase in grindings, particularly in Western Europe, may be the result of a build-up in cocoa butter stocks.

The report concludes that without further news of major crop difficulties a sustained rise in prices is unlikely. It adds that at present it seems less than a 10 per cent increase in prices is unlikely. It adds that at present it seems less than a 10 per cent increase in prices is unlikely.

## Lead stocks reach record 160,450 tonnes

By Our Commodities Editor

Lead stocks held in London Metal Exchange warehouses jumped by 12,550 tonnes last week to a record total of 160,450 tonnes. There was reported to be an inflow of surplus lead from the U.S. to Europe, although the London Metal Exchange said it had already largely discounted the stocks increase.

The rise in sterling was a generally depressing influence on London metal prices, but was offset to an extent by the sharp rise in gold and silver values.

Zinc stocks rose too by 2,075 to 93,675 tonnes; copper by 500 to 308,375; tin by 305 to 27,630; nickel by 636 to 12,708; and silver holdings by 540,000 to 34,648,000 ounces.

## Subsidies blamed for poultry-meat mountain

By RICHARD MOONEY

EEC EXPORT subsidies are responsible for an over-supply of poultry meat which is creating yet another surplus mountain, according to a report by Agria Europe, the Brussels-based intelligence bulletin.

Its latest issue, Agria Europe says, "Community poultry meat production has grown by 26.6 per cent or 600,000 tonnes since 1977. But with the rise outstripping sluggish home demand more than two thirds of the increase has had to be exported at a growing cost to the taxpayer."

Producers are agitating for a "substantial increase" in subsidies which already amount to \$189 on every tonne of poultry exported, it says.

## PRICE CHANGES

In tonnes unless stated otherwise	Apr. 5 1983	Apr. 4 1983	Month ago
Metals			
Aluminium	1,010.00	1,010.00	1,010.00
Alumina	1,010.00	1,010.00	1,010.00
Lead	1,010.00	1,010.00	1,010.00
Nickel	1,010.00	1,010.00	1,010.00
Platinum	1,010.00	1,010.00	1,010.00
Palladium	1,010.00	1,010.00	1,010.00
Silver	1,010.00	1,010.00	1,010.00
Tin	1,010.00	1,010.00	1,010.00
Zinc	1,010.00	1,010.00	1,010.00

## BASE METALS

Currency quotations dominated trading in base metals on the London Metal Exchange.

Commodity	Unit	Price
Aluminium	100 lb	1,010.00
Lead	100 lb	1,010.00
Nickel	100 lb	1,010.00
Platinum	100 lb	1,010.00
Palladium	100 lb	1,010.00
Silver	100 lb	1,010.00
Tin	100 lb	1,010.00
Zinc	100 lb	1,010.00

## BRITISH COMMODITY MARKETS

Currency quotations dominated trading in base metals on the London Metal Exchange.

Commodity	Unit	Price
Aluminium	100 lb	1,010.00
Lead	100 lb	1,010.00
Nickel	100 lb	1,010.00
Platinum	100 lb	1,010.00
Palladium	100 lb	1,010.00
Silver	100 lb	1,010.00
Tin	100 lb	1,010.00
Zinc	100 lb	1,010.00

## LONDON OIL

Spot prices

Commodity	Unit	Price
Crude oil	100 lb	1,010.00
Gas oil	100 lb	1,010.00
Heating oil	100 lb	1,010.00

## GAS OIL FUTURES

Strength in New York on Monday brought the market for gas oil and prices remained in a narrow range around this level through the morning.

Commodity	Unit	Price
Crude oil	100 lb	1,010.00
Gas oil	100 lb	1,010.00
Heating oil	100 lb	1,010.00

## GOLD MARKETS

Gold rose \$15 an ounce from Thursday's close in the London bullion market yesterday.

Commodity	Unit	Price
Gold	100 lb	1,010.00
Silver	100 lb	1,010.00

## LONDON FUTURES

In Paris the 150 kilo bar was fixed at FF 149,000 per kilo (\$458.60 per ounce) in the afternoon.

Commodity	Unit	Price
Gold	100 lb	1,010.00
Silver	100 lb	1,010.00

## EUROPEAN MARKETS

NOTTINGHAM, APRIL 5.—Wheat—(U.S. \$ per tonne): U.S. No. 1 Red Winter, Apr. 161, May 164, June 167, July 169, Aug. 171, Sept. 173, Oct. 175, Nov. 177, Dec. 179, Jan. 181, Feb. 183, Mar. 185, Apr. 187, May 189, June 191, July 193, Aug. 195, Sept. 197, Oct. 199, Nov. 201, Dec. 203, Jan. 205, Feb. 207, Mar. 209, Apr. 211, May 213, June 215, July 217, Aug. 219, Sept. 221, Oct. 223, Nov. 225, Dec. 227, Jan. 229, Feb. 231, Mar. 233, Apr. 235, May 237, June 239, July 241, Aug. 243, Sept. 245, Oct. 247, Nov. 249, Dec. 251, Jan. 253, Feb. 255, Mar. 257, Apr. 259, May 261, June 263, July 265, Aug. 267, Sept. 269, Oct. 271, Nov. 273, Dec. 275, Jan. 277, Feb. 279, Mar. 281, Apr. 283, May 285, June 287, July 289, Aug. 291, Sept. 293, Oct. 295, Nov. 297, Dec. 299, Jan. 301, Feb. 303, Mar. 305, Apr. 307, May 309, June 311, July 313, Aug. 315, Sept. 317, Oct. 319, Nov. 321, Dec. 323, Jan. 325, Feb. 327, Mar. 329, Apr. 331, May 333, June 335, July 337, Aug. 339, Sept. 341, Oct. 343, Nov. 345, Dec. 347, 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**MINES—Continued**

Australians									
28½	10	WACM 20c	16	+1½	—	—	—	—	—
28	6	Emergency Gold NL 25c	7	+½	+	—	—	—	—
25	11	Balmain Resources	14	—	—	—	—	—	—
63	62	McRae Hill Mines	44	+3	—	—	—	—	—

26	12	Wardlaw & Co.	120	---	---	---
26	7	Wardlaw & Co.	8	---	---	---
27	7	Wardlaw & Co.	10 <sup>2</sup>	---	---	---
27	8 <sup>1</sup>	Wardlaw & Co.	9	---	---	---
810	120	Wardlaw & Co.	525	+15	1010c	8
284	134	Wardlaw & Co.	172	-4	93.75	2.8
28	10	Wardlaw & Co.	16	---	---	---

44	15	Walters Ex 50c	32	---	---	---	---
52	15	Walters Ex 20c	26	---	---	---	---
50	15	Walters East Mills ASI	24	---	---	---	---
274	243	Walters H. Hedges 50c	252	+4	---	---	---
57	5	Walters Corp 20c	7	-1	---	---	---
8	21	Walters Ex 25c	5	---	---	---	---

34	25	Franklin Ave. 50c	46	01.5c
218	11	W. P. W. 50c	336	—
31 <sub>2</sub>	12	W. P. W. 50c	7	—
213	6	W. P. W. 50c	235	10.5c
270	105	W. P. W. 50c	205	—
72	30	W. P. W. 50c	64	—
72	7	W. P. W. 50c	0	—

255	135	Ayer Higgs SAM1..	290nd	---	295c	1.0
150	55	Comer	140	---	=	

98	43	Malaysia Mng. 10c.	94	+1	W07 1c	1.0
45	20	PPahang	41	.....	B0663	0.8
450	280	Pengkalen 10p	325	.....	10	.....
330	190	Petaling SM1	320	.....	W06c	1.3
215	130	Sungei Besi SM1	215	.....	B0085c	0.6
55	25	Sungai Cempaka CM	45	.....	W071c	0.6

170	141	Admiral Mines	155	-5	-	-	-
90	28	Anglo-Dominion	60	....	-	-	-
125	25	Anglo Utd. Dev.	88	+6	-	-	-
135	37	Colby Res Corp.	85		-	-	-
485	170	Cons. Murch. 10c.	430	+10	+160c	1.9	
8	11	Explura Gold	3	-1	-	-	-

17 1/2	12 1/2	Southwest Res 10p.	14	.....	-	-	-
530	270	Tare Expts \$1 ..	455	-15	-	-	-

distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 1.0 per cent or more difference if calculated on "maximum" distribution; covers are based on "maximum" distribution; compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable losses

- ## Tax-free to non-residents on application.
- ## Figures or report awaited.
- ## Not Officially UK Listed; dealings permitted under Rule 163(4)(i)
- ## US\$; Not Listed on Stock Exchange and company not subject to same degree of regulation as listed securities.
- ## Deals in under Rule 163(3).

- 1 Forecast dividend; cover on earnings updated by latest mkt.
- 2 statement.
- 3 Cover allows for conversion of shares not now ranking for dividend
- 4 or standing only for restricted dividend.
- 5 Cover does not allow for shares which may also rank for dividend
- 6 at future date. No P/E ratio usually provided.
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a. Issue. j. Payment from capital sources. k. Kroger. m. Interim higher than  
 previous total. n. Rights issue pending. o. Earnings based on preliminary  
 figures. s. Dividend and yield exclude a special payment. t. Indicated  
 dividend: cover relates to previous dividend. P/E ratio based on latest  
 annual earnings. u. Forecast dividend: cover based on previous year's  
 earnings. v. Subject to local tax. x. Dividend cover in excess of 1.

estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus; other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

### REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Higgins Brew	185	Concrete Pkgs.	52
Holt (Jos) 25p.	970	Helson (Higs.)	13
I.O.N. Stm. C1	62	+2	28
Pearce (C. H.)	134	Irish Ropes	18
Peel Mfgs.	182	Jacob	65
		T.M.G.	80
		Undert	49

2-Month Call Rates					
Industrials		House of Fraser	15	Utd. Drapery	7
Arlis-Lyon	15	I.C.I.	24	Vickers	1
BOC Grp	17	"Imps"	16	Woolworth Hld.	2
B.S.R.	6	I.C.I.	8		
Babcock	10	Johnson	14		

B.A.T.	50	"Mums"	12	Samuel Potts	2
Brown (1)	4	Miles, & Spoor	16	Town & City	3
Burns Org.	4	Midland Bank	30		
Cadbury's	12	N.E.I.	9	Oils	
Courtaulds	8	Nat. West. Bank	38	Brit. Petroleum	2
Debenhams	21	P.O.N.I.	14	Burmah Oil	1

Glaxo	45	T.I.	13	
Grand Met.	25	Tesco	8	Minis
U.S. 'A'	50	Thorn EMI	38	Charter Cons.
Guardian	35	Trusthouse	13	Cons. Gold
G.N.	15	Turner & Newall	4	Lewish
Howler Stid	38	Unilever	6-5	Rin T. Zinc

**This service is available to every Company dealt in on the  
Exchanges throughout the United Kingdom for a fee of 50p  
per annum for each security**

[illegible]



## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Sterling continues to improve

Sterling rose to its best level since late February yesterday as the market reacted favourably to the recent SNOC announcement on North Sea oil prices. It rose above \$1.50 against the dollar and was sharply firmer against most European currencies.

The dollar finished above the day's lows but down from Thursday's levels as uncertainty continued over U.S. interest rate trends.

**STERLING** - Trading range against the dollar in 1982-83 is 1.2955 to 1.4540. March average 1.4893. Trade weighted index 84.3 against 80.5 at noon and 79.7 at the opening and compared with 79.5 on Thursday and 81.8 six months ago. Sterling's initial reaction to the latest North Sea oil prices has been favourable and although still weak, it is less vulnerable. Some upward technical correction in sterling's value seems likely although this could be partly offset by declining UK interest rates.

Sterling opened at its lowest level against the dollar of \$1.4890 and improved steadily to touch a high of \$1.5050. It closed at \$1.5020-1.5030, a rise of 1.3c. After trading in New York saw it improve to \$1.5075. Against the D-Mark it rose to DM 3.64 from DM 3.6025 and Y357 from

DM 2.4265 and Y237.70 from Y238.85. The Swiss franc strengthened in late trading, with the dollar finishing at SwFr 2.0570 against SwFr 2.0530. It was also lower against the French franc at FF 7.26 compared with FF 7.27.

**DOLLAR** - Trade-weighted index (Bank of England) 122.4 against 124.8 six months ago. The dollar has shown renewed strength as a safe haven for funds during a time of extreme uncertainty over the effects of falling oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected, partly because of the high level of Federal funding, while money supply growth and fears of a tightening of credit policies have kept the dollar firm.

The dollar closed at DM 2.4205

## EMS EUROPEAN CURRENCY UNIT RATES

	ECU central bank rate	Current market rate	% change from central rate	% change from previous day	Divergence from %
Belgium Franc	44.3662	44.3288	+0.08	+0.21	+1.5400
German D-Mark	1.9363	1.9363	0.00	0.00	0.0000
French Franc	6.5596	6.5596	0.00	0.00	0.0000
Italian Lira	1.9363	1.9363	0.00	0.00	0.0000
Spanish Ptas	166.6389	166.6389	0.00	0.00	0.0000
Portuguese Escudo	200.4824	200.4824	0.00	0.00	0.0000
Irish Punt	7.8756	7.8756	0.00	0.00	0.0000
Greek Drachma	340.7500	340.7500	0.00	0.00	0.0000
Yugoslav Dinar	20.6370	20.6370	0.00	0.00	0.0000

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## OTHER CURRENCIES

	Apr. 5	% change
Argentina Peso	100.91/101.151	0.23
Australia Dollar	1.7525/1.7545	0.02
Brazil Cruzeiro	635.77/639.77	0.63
Canada Dollar	72.30/72.65	0.48
Denmark Krone	132.88/132.88	0.00
Finland Markka	5.94/5.94	0.00
France Franc	6.5596/6.5596	0.00
Germany D-Mark	1.9363/1.9363	0.00
Greece Drachma	340.75/340.75	0.00
Hong Kong Dollar	7.80/7.80	0.00
India Rupee	15.80/15.80	0.00
Indonesia Rupiah	1,500.00/1,500.00	0.00
Japan Yen	237.70/237.70	0.00
Malaysia Ringgit	2.34/2.34	0.00
New Zealand Dollar	2.20/2.20	0.00
Saudi Arabia Riyal	5.00/5.00	0.00
Singapore Dollar	1.35/1.35	0.00
South African Rand	2.00/2.00	0.00
Swedish Krona	4.60/4.60	0.00
Swiss Franc	2.0570/2.0570	0.00
U.A.E. Dirham	6.6667/6.6667	0.00

\*Selling rates.

## CURRENCY MOVEMENTS

	Apr. 5	% change
Sterling	80.3	-0.5
U.S. dollar	122.4	+0.2
Canadian dollar	72.3	+0.5
French franc	84.3	-0.1
German D-Mark	84.3	-0.1
Italian lira	122.4	+0.2
Spanish peseta	166.6	0.0
Portuguese escudo	200.5	0.0
Irish punt	7.9	0.0
Greek drachma	340.8	0.0
Yugoslav dinar	20.6	0.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base value 1975=100).

## CURRENCY RATES

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Sterling	80.3	-0.5
U.S. dollar	122.4	+0.2
Canadian dollar	72.3	+0.5
French franc	84.3	-0.1
German D-Mark	84.3	-0.1
Italian lira	122.4	+0.2
Spanish peseta	166.6	0.0
Portuguese escudo	200.5	0.0
Irish punt	7.9	0.0
Greek drachma	340.8	0.0
Yugoslav dinar	20.6	0.0

\*Selling rates.

## THE POUND SPOT AND FORWARD

	Apr. 5	% change
U.S. dollar	1.5020/1.5030	0.02
12-month forward	1.4890/1.4900	-0.08
6-month forward	1.4950/1.4960	-0.03
3-month forward	1.4900/1.4910	+0.02
1-month forward	1.4850/1.4860	-0.03
6-month forward	1.4800/1.4810	-0.08
3-month forward	1.4750/1.4760	-0.03
1-month forward	1.4700/1.4710	-0.08
6-month forward	1.4650/1.4660	-0.03
3-month forward	1.4600/1.4610	-0.08
1-month forward	1.4550/1.4560	-0.03

## THE DOLLAR SPOT AND FORWARD

	Apr. 5	% change
U.S. dollar	1.5020/1.5030	0.02
12-month forward	1.4890/1.4900	-0.08
6-month forward	1.4950/1.4960	-0.03
3-month forward	1.4900/1.4910	+0.02
1-month forward	1.4850/1.4860	-0.03
6-month forward	1.4800/1.4810	-0.08
3-month forward	1.4750/1.4760	-0.03
1-month forward	1.4700/1.4710	-0.08
6-month forward	1.4650/1.4660	-0.03
3-month forward	1.4600/1.4610	-0.08
1-month forward	1.4550/1.4560	-0.03

## EXCHANGE CROSS RATES

	Apr. 5	% change
U.S. dollar	1.5020/1.5030	0.02
12-month forward	1.4890/1.4900	-0.08
6-month forward	1.4950/1.4960	-0.03
3-month forward	1.4900/1.4910	+0.02
1-month forward	1.4850/1.4860	-0.03
6-month forward	1.4800/1.4810	-0.08
3-month forward	1.4750/1.4760	-0.03
1-month forward	1.4700/1.4710	-0.08
6-month forward	1.4650/1.4660	-0.03
3-month forward	1.4600/1.4610	-0.08
1-month forward	1.4550/1.4560	-0.03

## MONEY MARKETS

	Apr. 5	% change
U.S. dollar	1.5020/1.5030	0.02
12-month forward	1.4890/1.4900	-0.08
6-month forward	1.4950/1.4960	-0.03
3-month forward	1.4900/1.4910	+0.02
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3-month forward	1.4750/1.4760	-0.03
1-month forward	1.4700/1.4710	-0.08
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3-month forward	1.4600/1.4610	-0.08
1-month forward	1.4550/1.4560	-0.03

## UK rates ease on stronger pound

UK clearing bank base lending rate 10 per cent (since March 15 and 16)

UK interest rates were generally easier yesterday as the market reacted to sterling's stronger performance. This followed the recent revision in North Sea oil prices and hopes that an oil price war may be averted. Three-month interbank money finished at 10 1/2 per cent after an earlier offered rate of 10 1/4 per cent, down from 10 1/4 per cent on Thursday while three-month sterling CDs were lower at 10 1/4 per cent compared with 10 1/2 per cent. Overnight interbank money opened at 10 1/4 per cent and ended at 10 1/4 per cent. Rates fell away in the afternoon to finish at 2 per cent.

The Bank forecast a shortage of around £500m with factors affecting the market including bills - £612m and Exchequer and a net take up of Treasury bills - £512m and Exchequer transactions - £390m. On the other hand banks brought forward balances some £200m above target and there was a fall in the note circulation of £190m. The Bank gave assistance in the morning of £500m, comprising purchases of £135m of eligible bank bills in band 1 (up to 14 days) at 10 1/4 per cent, £12m in

band 2 (15-33 days) at 10 1/4 per cent and £58m in band 3 (34-63 days) at 10 1/4 per cent.

The forecast was later revised to a shortage of £500m before taking into account this morning's assistance and the Bank gave further help of £88m, making a grand total of £588m. The afternoon help comprised purchases of £16m of eligible

bank bills in band 1 at 10 1/4 per cent, £10m in band 2 at 10 1/4 per cent and £68m in band 4 (64-94 days) at 10 1/4 per cent.

In Brussels interest rates on short term Treasury bills were reduced by 1/4 of a point to 11 1/2 per cent for one, two and three-month bills. The National Bank also cut the rate on four month bond paper to 12 per cent from 12 1/2 per cent.

The move was made possible by the renewed stability of the Belgian franc following the recent realignment within the EMS.

In Amsterdam call money was reduced to 3 1/2 per cent from 3 3/4 per cent as short term funds were in good supply. This followed large Government disbursements reaching the market

from 12 1/2 per cent. The move was made possible by the renewed stability of the Belgian franc following the recent realignment within the EMS.

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## LONDON MONEY RATES

	Apr. 5	% change
U.S. dollar	1.5020/1.5030	0.02
12-month forward	1.4890/1.4900	-0.08
6-month forward	1.4950/1.4960	-0.03
3-month forward	1.4900/1.4910	+0.02
1-month forward	1.4850/1.4860	-0.03
6-month forward	1.4800/1.4810	-0.08
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## INTEREST RATES

## EURO-CURRENCY INTEREST RATES

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## FT LONDON INTERBANK FIXING

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## FINANCIAL FUTURES

## Short &amp; firmer

Short sterling prices rose steadily in the London Financial Futures Exchange yesterday in reaction to sterling's stronger performance. The pound's better levels reflected hopes that the latest SNOC oil price proposals would be good enough to avoid any conflict with Opec and Nigeria in particular. While the mood of the market was undoubtedly improved, there appeared to be no headwinds rushing against the dollar in 1983. The June price opened at 90.00 up from 89.92 and rose to a best level of 90.15 before finishing at 90.13. The firmer trend was underpinned by a softer look to rates in the cash market.

Oil prices moved in a similar fashion although the June price finished at 104.18 down from a high of 104.29 and an opening

level of 104.20